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RUSSIA

Results Review and Resource Request (R4)

FY 2000

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PART I: OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

Overview

At this time last year, discussion of the general situation in Russia focused on the results of the 1996 presidential election. The question was whether the reformers, led by President Yeltsin, would win, and if so whether they would be able to continue the reform momentum—particularly given the Communist majority in the Duma. The question was answered by Yeltsin's victory and his continued commitment to reform.

During 1997, and despite long absences from his post due to illness, the President's stamp of reform remained on the government. It is too early to predict the effect of the recent changes in Russia's government. However in broad terms, although nothing suggests reform is irrevocable—or that the process will move smoothly—reforms continue and the country's economic fundamentals have generally improved. The next two years of cooperation, as described in this R4, are based on the assumption that USAID can continue to play an important role in the process of positive change.

USAID began 1997 expecting its budget to decline significantly and therefore that it should plan for phase-out early in the next century. During the year, however, Congress and the Administration agreed to increase funding for the NIS and acknowledge a medium-term USAID presence. Also it became clear that, even despite its modest budget, USAID/Russia is an important catalyst for positive change, and that change was being endorsed by the reformers in the Central and Regional Governments. In many sectors, the results of three or four years of funding were becoming evident, and there was increased investment by other donors in USAID-funded pilot programs. USAID also played a greater role in the many U.S. Embassy-level working groups. Now, its programs and projects are important parts of the newly developed and broader USG efforts, including the Partnership for Freedom, Regional Investment Initiative, and the Presidential Management Training Initiative. Although subject to change at any time, USAID/Russia is planning new obligating authorities of \$60 million for FYs 98, 99 and 2000 for Mission-level discretionary funding.

These funds will be targeted towards projects in the broad areas of economic restructuring, democratic reform, health and environment. Over the next three years, USAID will continue to focus and consolidate its programs and decrease the number of management units, from 86 in 1997 to 59 in 2000. The current trend of targeting a higher percentage of the budget away from the center toward the regions will continue. Active fostering of partnerships between U.S. and Russian entities will be encouraged and supported throughout the portfolio. The Mission will build upon improved relationships with the Embassy and fully participate in working groups in training, media, crime and corruption prevention, and violence against women.

Factors Affecting Program Performance

Since its arrival in Russia, USAID has developed a wide range of contacts within the Federal Government, the Duma, many Regional Governments, the non-governmental non-profit sector, and the private sector. USAID's goals and methodology have become better understood by the reformers throughout the country. The presence of this critical mass of reformers with decision-making authority in the Central and Regional Governments will continue to affect the nature of USAID programming, as will economic, political and social factors. The Mission will keep looking at these factors for gaps and for areas where, with its modest budget, USAID can continue to make an impact.

Broad Economic Indicators for 1997

Macro indicators for the year were mixed. On the bright side, GDP was positive for the first time since the Perestroika years. The 0.4 percent growth may understate actual performance, particularly in the dynamic informal sector which is estimated to be between 25 and 50 percent of GDP. Predictions for the future range from 0.4 percent up to an optimistic 4 percent growth. Russia's fiscal problems continue, however, with tax revenues falling sharply: through the third quarter of 1997, they were 10.5 percent of GDP, much less than the 15 percent requirement in the 1997 budget law and covering only 60 percent of budget in the third quarter. This revenue shortfall caused a delay until January 1998 in the IMF's \$700 million quarterly tranche under the Extended Fund Facility Agreement.

There is other good news: inflation is reported to be at 11 percent for the year, continuing a downward trend. Consumption rose despite a slight fall in personal incomes as consumers dipped into savings to buy more foodstuffs and paid services. This increase in consumption was accompanied by an officially reported decrease in the unemployment rate from 9.6 percent in April to 9.1 percent in September, while the absolute number of unemployed increased by 486,000. (These figures are based on the ILO definition of unemployment: people in the labor force, sixteen years or older, who do not have work and who are looking for work.) It is useful to note that even the state statistics committee, Goskomstat, acknowledges that the 1997 reported rate under the ILO definition seems low. They, and other Russian experts, estimate that the true unemployment rate could be as high as 20 percent.

The Government of Russia and large Russian enterprises have been able to sell stocks and bonds abroad to foreign investors. However, investment was again lower in 1997, marking the fourth consecutive year of decline. Investment in Russia is still not at levels that will revitalize and expand Russia's productive capacity. The recent Asian monetary crisis caused many foreign investors to withdraw from the Russian market. Most observers identify the development of transparent and clear tax and fiscal policies as the most important way to improve investment. Resolution of the difficult issues surrounding private property and housing will also help keep investors interested.

USAID's response to these economic trends is to continue to consolidate and strengthen its program to rationalize the tax regime, work on strengthening private housing and land

activities and policies, improve accounting methods, boost employment through continued micro, small, and medium enterprise support, strengthen the banking system, increase participation in transparent and open capital markets, and increase confidence in the Russian courts for resolution of business disputes.

Trends in Democratic Development

During 1997, there was a consolidation and strengthening of many democratic institutions, including an independent media, active civil society and independent judiciary.

NGOs, struggling to become opinion setters and leaders, increasingly found ways to raise funds and improve management practices, moving towards sustainability. The influence of newly strengthened NGOs increased in many areas around the country. For example, in Novosibirsk, a local NGO worked with the city government to write and pass a law governing social contracts between the local government and NGOs. This is balanced by the fear that some government leaders are becoming wary of the presence and potential influence of non-governmental bodies. Many NGOs exist on a very low budget or are supported by Western donor organizations which makes their long-term existence challenging.

Strengthening the independence of regional broadcast and print media continued, highlighted by the inauguration and use of the first private printing press in 70 years (financed by USAID). More TV stations and newspapers have improved management and found more diverse funding bases. This consolidation of media, however, brings with it the peril of less independence as wealthy conglomerates begin to buy multiple outlets.

In the judiciary, the most important development of the year was the creation of a Judicial Department—a body at the central level, separate from the Department of Justice, that will have administrative jurisdiction over the courts system in Russia. This positive move is counterbalanced by severe budget problems and the problem of corruption throughout the judicial system. Corruption continues to be a major concern, but progress is clear. More and more U.S. law firms in Russia are turning to the Russian courts to resolve their clients' disputes.

Democratic political parties made concerted efforts to expand their membership bases throughout the regions during the year. They recognize that with a strong regional base and more influence in the local governments, their platforms and ideas can be strengthened. Political parties, in addition to the Communists, are now organizing in all the regions, and positions on issues are beginning to be identified with parties that espouse them. Political parties played a newly active role in regional and local elections. There were 20 regional Duma and 11 Regional Governor's elections during the year, all of which were judged free and fair. More important, where there were problems, they were handled under the auspices of new regional electoral laws.

USAID's response to these broad developments is to redouble its efforts to strengthen NGOs, consolidate support to the judiciary, and continue to strengthen political parties in order to ensure increased voter participation (particularly in the buildup to the next regional elections, in 1999, and the Presidential election in 2000). USAID will also be obligating funds for a crime and corruption program during FY 1998 which will feature close cooperation with other USG agencies at post. USAID/Russia's flagship partnership activity, which will result in strengthened local organizations and more sustainable ties with U.S. entities, will also receive funding.

Health

On the national level, the big story of 1997 was the adoption of a health "Conceptia" by the Ministry of Health. This "Conceptia" recognizes, on a national scale, the need for Russia to revamp its health care system, particularly given new economic realities, to ensure constitutionally guaranteed access by its citizens to quality health care. Recognition at the central level of the importance of change is the crucial first step in this process. There is also a growing realization of the necessity for rational pharmaceutical use. With USAID support, the American pharmaceutical manufacturer, Bristol-Myers Squibb, built the first pharmaceutical production facility in Russia with the authority to produce international-standard drugs. Another large U.S. manufacturer, Searle, is building a similar facility; both companies are also installing modern distribution systems. In addition, regional hospitals are increasingly training doctors how best to prescribe pharmaceuticals and monitor their usage.

During 1997 an increased awareness of the prevalence of infectious diseases, particularly tuberculosis and HIV/AIDS, emerged. The Health Ministry is providing guidelines on how to get messages about both HIV/AIDS and family planning into the public arena. Understanding of how to make rational decisions on family size grew during the year.

The infant mortality rate (IMR) in Russia is 18 per 1000 births. The total fertility rate in 1997 was 1.3. It is interesting to note that the IMR is lower in Russia than it is in Washington, DC. Analysts need to be careful, however, in using this number to conclude that Russia does not need further assistance in the health care arena because, in fact, the system is not able to respond to the immense needs of the people of Russia.

USAID's response to these trends is to work closely with the Central and Regional Governments on combating the infectious disease problems, to increase sharing of efficient ways to ensure practical and efficient delivery of quality health care services, and to develop long-term partnership arrangements with hospitals around the country that will stimulate technical and even equipment exchanges between the two countries. Teaching modern contraceptive methods will also continue. This is all within the context of the "Conceptia" and increasing support of the Central Government.

Environment

The Ministry of Environmental Protection and Natural Resources was divided and the Environment section downgraded to a State Committee in late 1996. There was a continued decline in the percentage of the Federal budget earmarked for environment. Environmental issues assumed a lower profile in the political debate throughout the country. While its status may have decreased, there is evidence that the professionals in the State Committee for the Environment are beginning to understand even more profoundly the relationship between a healthy environment and a healthy economy. Representatives from the Center are working more closely with the regions in developing environmental frameworks, such as sustainable forestry plans. During 1997, Russia also established protocols on a bilateral basis, and, most important, adopted the Kyoto Protocol.

Over the next two years USAID will continue to support new and improved rational forestry management technology in the regions, roll out examples of small, locally managed environmental projects through NGOs and other grassroots organizations, and encourage partnerships between U.S. and Russian entities. During 1998, USAID plans to obligate \$6.35 million in projects aimed at combating global climate change, with strong support from our Russian colleagues. These projects included work in energy efficiency, policy work on forestry management leading to carbon sequestration, natural resource management, and local, grassroots environmental work. \$2 million was slated for the World Bank's work to eliminate the production of CFCs in Russia. USAID plans to obligate \$6.45 million towards Global Climate Change work in FY 1999 and \$4.85 million in FY 2000. In addition, in conjunction with other USG agencies, USAID will launch a bilateral emissions trading regime in accordance with the decisions of the Kyoto Conference.

In Summary

Indicators for 1997 are mixed. Through elections the people have put reformers in the Executive Branch and reform is moving forward, albeit not without difficulty. Economic fundamentals are improving and the democratic and social sectors are showing some signs of consolidation and strengthening. Now, and for the foreseeable future, it is in the interest of the U.S. and other Western countries to stay engaged in Russia and to provide targeted support to continue the momentum. Sustainable partnerships are among the mechanisms most likely to cement the U.S.-Russian relationship into the new century.

Long Term Results and Sustainable Impacts

Enough has been said previously about the massive privatization effort that resulted in the privatization of thousands of state owned enterprises. The privatization process is a metaphor for the reform process: USAID funds provided a methodology for taking the first step. Now, privatization is understood. Consolidation and strengthening are the next steps.

Many USAID programs have resulted in changes that, barring significant political and/or social change, are irrevocable. They provide the foundations and models for continued reform.

- **Capital Markets**
One of the most important long-term impacts of USAID assistance has been the development of a Federal Commission on Capital Markets (the Russian equivalent of the U.S. Securities and Exchange Commission) that oversees the Russian capital markets trading system patterned after the U.S. system. USAID will continue supporting development of capital markets by assisting regional commissions.
- **Family Planning Methodology**
In the field of family planning, 2.7 million women have been covered by voluntary family planning services, and there has been a marked drop (down by as much as 36 percent in Primorsky Krai) of abortion rates in USAID-assisted family planning regions. Largely through USAID support, family planning is passing abortion as the preferred family planning method.
- **Small Business**
USAID assistance has resulted in the creation of over 5,000 new businesses and 50,000 new jobs. Ongoing businesses using USAID-supported business training programs overwhelmingly report increases in production and in sales and profits.
- **Environment/Global Climate Change**
A Sustainable Forestry Plan was developed in the region of Ivolginsky as the result of USAID assistance. The plan incorporates a forest resource database and new technology in the development of forest cadastres in a Geographic Information System (GIS) framework, for the first time in Russia. Sustainable forestry, promoted by this plan, will increase the carbon sink and thus decrease global warming contributions from the region.
- **Long Term Investment in Agribusiness**
As a result of USAID's push to promote agribusiness investment, a U.S. agribusiness firm made a \$2 million investment in the Saratov region for sales and distribution of agricultural chemicals and for training.
- **Housing**
The Russian Government consulted with the USAID-funded Institute for Urban Economics on ways to provide housing for more than 200,000 families of retired military personnel. The Government subsequently announced that vouchers, like those used in a similar USAID activity, will be used in combination with low-interest bank loans to help officers buy apartments.
- **NGO Sustainability**
The same Institute of Urban Economics, a local creation of the USAID-funded Urban Institute, now receives funding from the World Bank, the EBRD, the Ford Foundation and other donors; works in partnership with urban consulting groups from Eastern and Central Europe; and is recognized by many municipal governments in Russia as the

premier consulting group in the country.

- **Independent Media**

The Media Development Program successfully launched a dozen partnership activities from professional journalism education to activist community TV to marketing of documentary archives. The partnership relationship continues without USAID funding.

PART II

1. Strategic Objective Rating

	Objective Name	Rating	Evaluation findings
	SO 1.2: Tax System Reformed to Correspond to a De-centralized Market Economy	fell short	IRIS implemented an evaluation and assisted in project design. The evaluation concluded that tax policy and administration are high priorities.
	SO 1.3: Accelerated Development and Growth of Private Enterprises	met	Global/ENI/MSI assessment of business volunteer programs led Mission to increase efforts to develop local capacity of Russian business support institutions.
	SO 1.4: A Robust and Market-Supportive Financial Sector	met	
	SO 1.5: Energy Provided on an Economical Basis	met	World Energy Council general evaluation concluded that policy environment is not open enough to attract sufficient investment to the energy sector even though data show that the bulk of investment is still in the energy sector, and the highest volume is in electric power.
	SO 1.6: Increased Environmental Management Capacity to Support Sustainable Economic Growth	met	The Russian Institute for Natural Resource Management's evaluation concluded that USAID has been a major player in the development of the environmental NGO movement and that, in the Far East, at least, "green" NGOs are sustainable.
	SO 2.1: Increased, Better Informed Citizens Participation in Political and Economic Decision Making	met	An assessment by USAID/Russia indicated that NGOs throughout the country are more involved in local activism but that financial sustainability is still a major issue.
	SO 2.2: Legal Systems that Better Support Democratic Processes and Market Reforms	met	An assessment implemented by USAID-funded consultants, including a new Deputy Assistant Secretary of Treasury, concluded that: 1) rule of law activities, particularly training, are considered important by Russian colleagues, and 2) that there is a large interest in strengthening the relationship/ partnership between the U.S. and Russian judiciary.

SO 3.2: Improved Effectiveness of Selected Social Benefits and Services	met	ENI/HPN evaluation of AIHA concluded that program should focus on replicating hospital partnerships and recommended more health partnerships including associations and NGOs. GIHN pharmaceutical evaluation stressed the need for better documentation of quantifiable improvement.
Percent funding through NGOs and PVOs: FY 1998 16%; FY 1999 14%; FY 2000 18%		

2. SO Results Review

SO 1.2 TAX SYSTEM REFORMED TO CORRESPOND TO A DE-CENTRALIZED MARKET ECONOMY

Objective Name	Rating	Evaluation findings
SO 1.2: Tax System Reformed to Correspond to a De-centralized Market Economy	fell short	IRIS implemented an evaluation and assisted in project design. The evaluation concluded that tax policy and administration are high priorities.

Overview

Passage of a fair and efficient tax law which provides a steady and predictable source of revenue remains a high priority of the Russian Government. Throughout 1997, USAID, Treasury, and the IRS, along with other donors, continued to provide assistance to the Ministry of Finance, the State Tax Service (STS) and the Duma on policy, legislative drafting, analysis, modeling, revenue stimulation and tax administration. As a result of this assistance, a Tax Code was finally drafted and sent to the Duma. The Code passed the first of three required readings in the Duma, but failed on the second and third tries.

At the same time, and as a result of the HIID termination, USAID decided to tighten the focus of its tax assistance program. Georgia State University won a competition for the new tax reform project and now coordinates all USAID assistance in the sector.

The strategic assumption is that a stable tax regime will result in more domestic and foreign investor confidence. This also fits into the higher-level goals of the Embassy/Moscow Program Plan, which emphasizes the integration of Russia into the world community and continued development of Russia's market economy.

Strategic objective level indicators were mixed for the year. Fixed capital formation decreased for the third year in a row, dropping 5 percent from last year's amount. On the positive side, and possibly reflecting some increasing investor confidence, capital flight

decreased from \$7.5 billion to \$1.9 billion. In fact, for the first three quarters of 1997, Russia had a positive capital inflow. Many observers suggest that the dip in the last quarter was in reaction to the Asian monetary crisis as investors looked for safer markets. A transparent and clear tax framework may have kept more of this capital in the country.

USAID/Russia tracks achievement of this SO through the following high level Intermediate Results:

- **IR 1.2.1 Tax System Fair and Efficient**
- **IR 1.2.2 Adequate and Predictable Revenue Generation**
- **IR 1.2.3 Sound and Transparent Separation of Fiscal Authorities Between Federal, Regional, and Local Governments**

Performance Analysis

IR 1.2.1. Tax System Fair and Efficient

During the year, U.S. tax advisors prepared alternative legislation for taxes (such as VAT and profits tax), tax administration and tax exemptions. These alternatives were considered by the Ministry of Finance as it developed the Tax Code it presented to the Duma in June. USAID remains engaged with the Government as it prepares a new version of the Tax Code which it will soon introduce to the Duma.

Early in the year the State Tax Service appointed a reform-minded Director and USAID advisors were able to work more closely with the STS than before. Work with the STS focussed on the following three areas:

- **Tax audit** work concentrated on the Moscow City State Tax Inspectorate (STI). USG advisors (Barents Group and U.S. Treasury) worked out procedures to better manage the work of tax auditors. They also trained 30 tax inspectors at the Moscow STI, and will continue to train experts in the regions.
- USAID contractors worked on **improvement of collections procedures**, encouraging tax inspectors to work more closely with potential taxpayers. Three Territorial Tax Inspectorates (TTIs) in Moscow and one in Nizhny Novgorod were the pilots for this project. During the year, only 70 percent of taxes assessed were collected. Increasing the efficiency of tax administration will increase this percentage.
- Activities in tax policy and tax administration were supported by a number of **training programs held in-country and the U.S.** The Soros Foundation finished computerized accounting courses in Moscow, St. Petersburg and Nizhny Novgorod. The USAID-funded Moscow International Tax Training Center (MITTC), managed by OECD,

continued to train STS personnel on various issues of taxation and management. Two-hundred-fifty STS officers were trained in 1997.

IR 1.2.2. Adequate and Predictable Revenue Generation

During 1996, the amount of revenue raised as a percent of GDP was 25 percent. In 1997, the percentage increased to 26 percent. However, tax revenue as a percentage of planned revenue was only 75 percent as compared to 85 percent last year. One of the reasons for the differences in planned versus actual revenues is that the Government has not yet developed and instituted accurate methods for revenue prediction. USAID advisors worked with the Ministry of Finance on this problem during the year. Barents submitted three different revenue estimation models for different kinds of taxes to the Ministry. While the Ministry trained staff in use of the models, passage of the new Tax code, again, will be necessary before the models are incorporated into an ongoing system and used regularly.

IR 1.2.3 Sound and Transparent Separation of Fiscal Authorities Between Federal, Regional, and Local Governments

USAID advisors worked with the State Tax Service on the preparation of formulas for transfers of revenues from the center to the regions. The concept of “depressed” regions needing more transfers was introduced. This concept should be incorporated into the new Tax Code.

Property tax work was conducted in two pilot cities, Tver and Novgorod. In the first part of the year the project worked mostly on federal enabling legislation. Meanwhile, cadastres of real properties were created in both cities, and the work on elaboration of the valuation of real property continued.

In 1997 a conference on Small Business Taxation was organized in Nizhny Novgorod with support from USAID. Fifteen Russian regions and Federal entities attended. The topic of this conference was the current tax law and how it effects small business. As a result of the conference, a new, simplified small business tax law is under consideration at the Federal level.

USAID advisors also helped draft the Law on the Basics of Financing of Local Self-Governments. The law was signed in 1997 and it creates the legal basis for local authorities' financial independence from regional governments.

STRATEGIC OBJECTIVE 1.2: Tax System Reformed to Correspond to a De-centralized Market Economy APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Tax System Reformed to Correspond to a De-centralized Market Economy			
INDICATOR: Investment in Fixed Assets			
UNIT OF MEASURE: Percent to previous year SOURCE: Project Officer, IFM INDICATOR DESCRIPTION: Fixed capital formation increases COMMENTS:	YEAR	PLANNED	ACTUAL
	1995		87
	1996	120	82
	1997	120	95
	1998	121	
	1999	122	
	2000	122	
INDICATOR: Rate of Capital Flight (Capital account of Balance of Payment)			
UNIT OF MEASURE: billions of dollars netflow SOURCE: Project Officer, IFM INDICATOR DESCRIPTION: Balance account of capital leaving/entering Russia becomes a positive inflow and then increases COMMENTS:	YEAR	PLANNED	ACTUAL
	1995		-8.3
	1996	-6.7	-7.5
	1997	5.4	-1.9
	1998	9.5	
	1999	15	
	2000	16.5	

INTERMEDIATE RESULT 1.2.1: Tax System Fair and Efficient			
APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Tax System Fair and Efficient			
INDICATOR: Tax Arrears			
UNIT OF MEASURE: Percent	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer, contractor, Federal Tax Service	1995		7.8
INDICATOR DESCRIPTION: Amount of taxes not collected as percent of taxes assessed	1996	6	20
COMMENTS:	1997	5	30
	1998	5	
	1999	5	
	2000	5	
INDICATOR: Reduction of Tax Exemptions			
UNIT OF MEASURE: yes/no	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer and contractor	1995		no
INDICATOR DESCRIPTION: Exemptions, established in different tax laws, are abolished	1996	yes	yes
COMMENTS:	1997	yes	no
This is subject to the passage of the Tax Code.	1998	yes	
	1999	yes	
	2000	yes	
INDICATOR: Taxpayers Cost of Tax Filing Reduced			
UNIT OF MEASURE: # of simplified tax codes	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer and contractor	1995		Federal enabling law enacted
INDICATOR DESCRIPTION: Passage and implementation of simplified alternative tax code in targeted regions and at the federal level	1996	5	5
COMMENTS: Actual are cumulative	1997	1	1
Since 1997 work at Federal level only.	1998	Law on simplified system of small business taxation is adopted at the federal level	

	1999	Law on Simplified system of small business taxation is implemented	
	2000		

INTERMEDIATE RESULT 1.2.2: Adequate and Predictable Revenue Generation

APPROVED: 7/12/96 **COUNTRY/ORGANIZATION:** Russia/ USAID

RESULT NAME: Adequate and Predictable Revenue Generation

INDICATOR: Revenue percent of GDP

UNIT OF MEASURE: percent SOURCE: Project Officer, IMF	YEAR	PLANNED	ACTUAL
	1995		27
INDICATOR DESCRIPTION: Level of enlarged government revenues as percent of GDP	1996	28	25
COMMENTS:	1997	30	26
	1998	28.7	
	1999	28.6	
	2000	28.5	

INDICATOR: Total Tax Revenue Actual vs. Planned at outset of Budget Year

UNIT OF MEASURE: percent SOURCE: Project Officer, IMF	YEAR	PLANNED	ACTUAL
	1995		79
INDICATOR DESCRIPTION: Tax revenue ratio = Actual (as % of real GDP)/ Planned (as % of real GDP)	1996	95-105	85
COMMENTS:	1997	95-105	75
	1998	95-105	
	1999	95-105	
	2000	95-105	

INTERMEDIATE RESULT 1.2.3: Sound and Transparent Separation of Fiscal Authorities Between Federal, Regional and Local Government

APPROVED: 7/12/96 **COUNTRY/ORGANIZATION:** Russia/ USAID

RESULT NAME: Sound and Transparent Separation of Fiscal Authorities Between Federal, Regional and Local Governments

INDICATOR: Tax Assignments Clearly Specified in New Tax Code

UNIT OF MEASURE: yes/no	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer and contractors	1995	yes	no
INDICATOR DESCRIPTION: Specification in a New Tax Code	1996	Tax Code Part I adopted	no
COMMENTS:	1997	Administrative provisions of tax law adopted	no
	1998	Tax code adopted	
	1999	yes	
	2000	yes	

SO 1.3 ACCELERATED DEVELOPMENT AND GROWTH OF PRIVATE ENTERPRISES

Objective Name	Rating	Evaluation findings
SO 1.3: Accelerated Development and Growth of Private Enterprises	met	Global/ENI/MSI assessment of business volunteer programs led Mission to increase efforts to develop local capacity of Russian business support institutions.

Overview

For private enterprises to flourish in any country they must be supported by a clear and workable investment framework and a functioning land and real estate market. Entrepreneurs need access to training and support services and they need to be able to advocate for changes in policies, regulations, and systems which constrain their operations.

Because Russia's economy is so new, businesses and entrepreneurs have essentially started from scratch. USAID/Russia's assistance effort has thus concentrated on fostering the development of a sustainable network of Russian business support institutions that can provide practical information and training to these new businesses and entrepreneurs.

Conservative estimates from surveys conducted by contractors and grantees under USAID's business development portfolio show the creation of more than 50,000 new jobs since the program began in 1994. Over 5,000 new businesses have been formed with the assistance of the program, and surveys of USAID business development clients indicate that business support services, such as the Real Estate Information System (REIS), are resulting in business growth and longer-term impact. The state statistics department, Goskomstat, reports that in 1997 900,000 new businesses were registered, for the second year in a row. Moreover, the enterprises that used USAID-supported business services show impressive results: 75 percent

reported increases in production and 81 percent reported increased sales. Eighty-nine percent increased their customer base and 82 percent increased net profits.

There is much potential for growth in the SME sector. Currently, SMEs contribute 7 percent to GDP in Russia, compared with market economies where their contribution is over 50 percent.

Although a direct correlation to USAID assistance is difficult to make, private sector contribution to GDP grew to 33 percent in 1997 compared with 26 percent in 1996. As privatization continued, the portion of household incomes from the private sector grew to 40 percent.

High level goals of Embassy/Moscow's Program Plan encompass SO 1.3 by strengthening the private sector's role in the economy through small business. USAID funds activities under the following higher-level Intermediate Results in order to achieve this Strategic Objective:

- **IR 1.3.1 Policies, legislation, and regulations conducive to broad-based competition and private sector growth adopted**
- **IR 1.3.2 Land and Real Estate Market Mechanisms Operating, Accessible, and Being Used by Businesses**
- **IR 1.3.3 Successful Models of Private Ownership and Modern Management Widely Replicated**
- **IR 1.3.4 Sustainable Network of Business Support Institutions Rendering Services to Entrepreneurs and Enterprises**

Performance Analysis

IR 1.3.1 Policies, legislation, and regulations conducive to broad-based competition and private sector growth adopted

USAID terminated the grantee responsible for a majority of drafting activities. As a result, the only remaining drafting activity is the Rural Development Institute's (RDI) work on rural land reform. RDI worked with the Samara oblast to start drafting a land reform law during 1997. This law will be an important component of the Regional Investment Initiative.

IR. 1.3.2 Land and Real Estate Market Mechanisms Operating, Accessible, and Being Used by Businesses

This year saw a key step towards the development of a regularized land market in Russia. The Russian Federation Law on Registration, developed with significant assistance from the

USAID-financed Land Reform Activity, was adopted by the Duma and signed by the President in July. For the first time, the registration of real estate property and the rights to it, as well as establishment of a unified registration system under the auspices of the Ministry of Justice, became obligatory. At year's end, the project-supported Institute for Urban Economics (IUE) was drafting the registration guidelines and manuals that will be the basis for real estate registration in all regions of Russia.

Another USAID-supported activity, the Real Estate Information System (REIS), focuses on standardization of real estate registration throughout the country. By the end of 1997, six cities had developed and installed computerized real estate information systems. REIS also invited specialists from federal agencies, city administrations, and private companies to a demonstration of the equipment, to show them the benefits of establishing REIS and registration systems in Russia's cities (IR 1.3.2.3).

The lack of clear, predictable procedures for gaining development rights and operating developed properties is a constraint to investment. USAID's Land Use and Zoning Project is alleviating this problem by supporting the development of a rational urban land use and zoning system. In 1997, the work included development of draft land use regulations and zoning maps in four pilot cities (Novgorod, Tver, Irkutsk and St. Petersburg). The project has been extended to three additional cities (Vyborg Samara, Kazan). The draft regulations and zoning maps progressed through the public hearing stage in all pilot cities, and in Novgorod city, the zoning regulation was enacted as a local law—the first such regulation established in Russia. Ten Russian specialists participating in project implementation have received Russia and U.S.-based training and are disseminating information on land use principles to additional cities in Russia.

As the land and real estate markets solidify, banks across Russia are introducing or improving lending practices to provide market-rate loans for commercial real estate development. USAID's Commercial Real Estate Lending Project continues to provide demand-based assistance to these banks. Training and documentation have been provided to 50 commercial banks in Russia and 170 development loans have been made to date.

IR 1.3.3 Successful Models of Private Ownership and Modern Management Widely Replicated

USAID/Russia's Housing Sector Reform Project (HSRP) revised its regional approach in 1997 to reflect the goals and objectives of the Government of Russia. A major milestone was reached in early 1997 when President Yeltsin declared reform of the housing sector to be one of Russia's top three economic priorities. At the request of the Russian government, USAID's HSRP sites were revised to coincide with the fourteen cities that the government designated as reform pilot sites. These fourteen cities represent a true cross-section of city types in Russia in terms of size, economy, and the state of reforms. The experience of housing/communal service reforms in these cities will serve as the Russian Government's basis for advancing reforms in Russia's urban areas. With strong technical assistance provided

by HSRP, all fourteen cities have drafted comprehensive programs of housing reforms and are initiating or expanding programs for private housing maintenance.

Homeowners association (HOA) formation was also increased, with the best results shown in St. Petersburg (more than 70 HOAs), Nizhny Novgorod (66 HOAs), Novocherkassk (33 HOAs), and Novgorod (17 HOAs). A total of 270 condominiums were created in the targeted cities (IR 1.3.3.1). Homeowners associations and condominiums have resulted in greater resident control of maintenance services which has markedly improved living conditions.

The city of Moscow continued its efforts to promote a competitive environment in the area of housing maintenance and management. Seventy-two percent of Moscow's housing is now maintained by competitively selected companies. Competition has resulted in improved residential services at lower costs.

In 1997 nine new regional agribusiness training institutes began teaching more efficient farming methods without USAID support. These institutes are the result of a USAID pilot project in Saratov that incorporated a "train the trainers" approach to teaching ex-employees of state farms new farming methods.

Business toolkits, which provide information on sound management practices, were used by 3,600 businesses, throughout Russia fully three times the number planned.

IR 1.3.4 Sustainable Network of Business Support Institutions Rendering Services to Entrepreneurs and Enterprises

Small and Medium Enterprises. A wide range of Russian business support institutions (professional associations, training institutions, consulting firms, business incubators, business centers, and financial institutions) are already significantly improving the business skills of thousands of entrepreneurs, contributing to a more favorable business policy climate in the regions, and spurring new enterprises. The outreach of this Business Support Network has been significant, providing business skills, training, and consulting assistance to over 200,000 entrepreneurs. While development of the 200-plus member institutions of this Network is still in the early stage, USAID efforts have already left a significant beneficial imprint on regions. The SUNY/Morozov Project Business Training Centers have trained over 4,500 trainers from 64 regional affiliates in business management curriculum and the program is widely recognized and appreciated by regional governments. Eight regional Business Support Centers are still operating with non-USAID funding and continuing to promote business development.

Over 14,000 Russians in the Russian Far East have completed American Russian Center (ARC) training over the past three years, and over 350 have completed the six-week advanced management course in Anchorage. This training has resulted in the establishment and sustainability of many businesses in the RFE. For example, one trainee from Magadan finished a course on business planning management in 1994 and then participated in a three-

week training program at the University of Alaska, Anchorage. After returning to Magadan, he started his own mobile food store. Using USAID-funded training he prepared a business plan to attract Russian and foreign investors to develop a network of mobile snack bars—the first of its kind in Magadan. Other results of sustainable businesses begun as a result of USAID assistance abound throughout the country. Over 200 institutions—from Novgorod to Yekaterinburg to Sakhalin Island—make up the network and provide a direct channel for USAID support at the grassroots level.

Urban Reform. The USAID-supported Institute for Urban Economics (IUE), created by the Urban Institute during the course of the Housing Allowance Subsidy Program (HASP), continues to gain in stature and in self-sufficiency. It is now recognized by the Government of Russia and by many regions and municipalities as the premier consulting group on issues of urban reform in Russia. IUE is now receiving funding directly from a variety of international donors (World Bank, Ford Foundation, and the EBRD, for example). Significantly, Russian municipalities have started to contact IUE directly for help with reforms. At the end of 1997, IUE joined with the Urban Institute and several highly qualified consulting groups in Eastern and Central Europe to create the Transition Policy Network, through which members will cooperate to promote urban reforms throughout the region.

Real Estate. During 1997, both the Russian Guild of Realtors (RGR) and the Russian Society of Appraisers (RSA), supported by the Eastern European Real Property Foundation (EERPF), expanded professional training programs to create an effective private professional real estate sector. The membership the Guild of Realtors was reduced from 920 to 804 companies, because some members had violated the RGR's rules and codes of ethics. The enforcement of the code of ethics has resulted in a much stronger association, with local boards now totaling 25. An Internet home page was set up, as well as a Multiple Listing Service for RGR members. With strong support from the EERPF, 40 real estate professionals were trained in property management and 11 are now Certified Property Managers and became members of the U.S. Institute for Real Estate Management. Six of them also received training for trainers to continue development of the profession in Russia.

Membership at the RSA has grown to 2, 478 individual members. With EERPF assistance, the RSA published an appraisal handbook and continued their working relationship with the U.S. Appraisal Institute. The RSA home page was also developed for RSA and affiliated RGR members.

SO 1.3 and Women's Issues

Women in Russia have made important gains in the private sector, much more so than in the public sector. In the grassroots effort to create a market economy, USAID programs have found that targeting women is very productive. Roughly 50 percent of USAID business clients are women and the programs support women entrepreneurs in a variety of ways.

Microloans and technical know-how are provided to thousands of women through Opportunity International's microenterprise programs in Nizhny Novgorod, Arzamas, Voronezh, Rostov on Don, and Novgorod. The University of Alaska has trained some 14,000 entrepreneurs in basic business. Half of those were women.

Strong, active women's business associations have been created from St. Petersburg to Siberia, through USAID's business development and NGO support programs. A vibrant business incubator, which provides training, leasing, and microloans to women, was created by the Alliance of American and Russian Women. It is thriving in Volkhov. In St. Petersburg, a promising market niche in the apparel industry has been found by the Center for Citizens Initiatives, and an apparel-industry incubator set up. A majority of their clients are women.

In October 1997, USAID and the Office of Women in Development co-hosted a conference on Women in Small Business. It brought together entrepreneurs from all over Russia as well as USAID support organizations and attracted international media attention.

SO 1.3 and the Partnership for Freedom (PFF)/Regional Investment Initiative (RII)

USAID funds many activities in SO 1.3 through the RII in Novgorod, the Russian Far East (RFE) and Samara. Funds have already been obligated in Novgorod. Activities will soon get underway in the RFE and Samara.

Novgorod: Carana Corporation is working to promote foreign investment in Novgorod. They have published an assessment of the investment environment and provided technical advice on tracking investors. With Carana's help, the Novgorod administration set up a Foreign Investment Promotion Agency, one of the first in Russia (1.3.1).

The areas of land registration, use, zoning and sales, and housing reform are also being addressed in Novgorod. One activity develops software to simplify tax estimation and collection in the regions. Another is assembling information about marketing industrial sites for sale/lease in Novgorod and surrounding cities. An auction is planned for June; the city administration has agreed to finance an advertising campaign for the auction. A third activity is developing a land code for Novgorod Oblast, based on the law passed by the city and a similar law in Saratov, which was developed with USAID technical assistance. In addition, several USAID contractors are working with the city administration to develop a housing consultation center (1.3.2).

Business training is being provided in the Novgorod region, using business toolkits as a base. (1.3.3) Management and business skills development for women entrepreneurs is being pursued in an incubator, called "Success," in Staraya Russa near Novgorod. The local administration provided a 3-story building free of charge to house the incubator. "Success" is already training 150 women in leadership and business skills (1.3.4).

Russian Far East: More support to develop a healthy business climate will be provided in the RFE through an activity to train public financial managers in budget analysis and management as well as capital finance (1.3.1). Business associations will be strengthened by technical assistance and grants for the establishment of information clearinghouses and trade journals; development of business plans for cooperative lending, leasing and marketing; Internet and worldwide web access; and sector-specific analysis. Another activity will establish consulting services for start-up firms, on taxation, legal issues, and access to finance (1.3.4).

Samara: The Samara RII program has not yet begun. Activities under SO 1.3 will include advisory services to Samara officials on the techniques for investment promotion and the importance of various policies, laws, and regulations in attracting investors (1.3.1). Training will address the critical need for a public finance strategy and transparency in policy and budget planning at all levels (1.3.1). Government officials will also receive technical assistance and training in urban land and real estate market reforms, including public access to information, rational urban land use and zoning systems, market value-based property taxation, and mortgage lending (1.3.2). Through a technology incubator, USAID will finance training in market research, intellectual property rights, business plans, financing sources, and grants for developing technologies (1.3.4).

SO 1.3 and the Gore Chernomyrdin Commission

USAID/Russia works closely with the Small Business Administration and the Russian State Committee for Small Business Support to advance the interests of small businesses. USAID gave the State Committee initial start-up support, and is continuing to build on the relationship. While small business development has historically been a smaller part of the GCC Business Development Committee as a whole, a variety of factors have recently converged that provide opportunities for USAID to bring more attention to the issue. One change has been the appointment of a new Chairman of the State Committee for Small Business, Irina Hakhamada. She has brought fresh vigor to the committee, and USAID is poised to support her.

A first step would be to assess the organizations and objectives of the more than 200 Russian business support organizations, with an eye toward identifying the best practices, relative strengths and weaknesses, business services provided, and linkages. The assessment could be followed by a complementary institutional development program for the most effective and active organizations.

STRATEGIC OBJECTIVE 1.3: Accelerated Development and Growth of Private Enterprises APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Accelerated Development and Growth of Private Enterprises			
INDICATOR: Private Sector Contribution to GDP Increases			
UNIT OF MEASURE: %	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer, IFM	1995		20
INDICATOR DESCRIPTION: Private sector production in firms which are totally private (0% state ownership of shares) as a % of GDP will grow	1996	30	28
	1997	35	33
	1998	40	
COMMENTS:	1999	>45	
STRATEGIC OBJECTIVE 1.3: Accelerated Development and Growth of Private Enterprises APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Accelerated Development and Growth of Private Enterprises			
INDICATOR: Household Cash Income from Non-state Owned Organizations and All (cash/noncash) from Home Production, Informal Sector and family/charity will steadily increase and be sustained			
UNIT OF MEASURE: %	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer	1995		32.3
INDICATOR DESCRIPTION: % of household income from private sector sources increases and is sustained	1996	33	43
	1997	38	40
	1998	43	
COMMENTS:	1999	>50	

STRATEGIC OBJECTIVE 1.3: Accelerated Development and Growth of Private Enterprises APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Accelerated Development and Growth of Private Enterprises			
INDICATOR: Small and medium size businesses flourish over time			
UNIT OF MEASURE: # of firms SOURCE: Project Officer <hr/> INDICATOR DESCRIPTION: Gross number of registered SMEs in Russia on Dec. 31 <hr/> COMMENTS: <hr/>	YEAR	PLANNED	ACTUAL
	1995		877,300
	1996	900,000	900,000
	1997	900,000	900,000
	1998		
	1999		
	2000		
INTERMEDIATE RESULT 1.3.1: Policies, Legislation, and Regulations Conducive to Broad-Based Competition and Private Sector Growth Adopted APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Policy and Legal Reform Conducive to Broad-Based Competition and Private Sector Growth Adopted			
INDICATOR: New laws and policies passed on regional level			
UNIT OF MEASURE: # of laws SOURCE: Project Officer INDICATOR DESCRIPTION: Number of new laws COMMENTS:	YEAR	PLANNED	ACTUAL
	1995		0
	1996	0	0
	1997	2	1
	1998	5	
	1999	6	
	2000	7	

INTERMEDIATE RESULT 1.3.2: Land and Real Estate Market Mechanisms Operating, Accessible, and Being Used by Businesses			
APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Land and Real Estate Market Mechanisms Operating, Accessible, and Being Used by Businesses			
INDICATOR: Membership in the Guild of Realtors			
UNIT OF MEASURE: # of firms SOURCE: Project Officer and Russian Guild of Realtors INDICATOR DESCRIPTION: Number of dues-paying companies that are members of the Guild grows and is sustained COMMENTS:	YEAR	PLANNED	ACTUAL
	1995		720
	1996	778	920
	1997	900	920
	1998	900	
	1999	900	
	2000	900	
INTERMEDIATE RESULT 1.3.3: Successful Models of Private Ownership and Modern Management Widely Replicated			
APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Successful Models of Private Ownership and Modern Management Widely Replicated			
INDICATOR: Reorganization models in place in non-USAID assisted farms			
UNIT OF MEASURE: # of farms SOURCE: Project Officer and contractor INDICATOR DESCRIPTION: Number of non-USAID assisted farms using USAID farm reorganization models COMMENTS:	YEAR	PLANNED	ACTUAL
	1995		0
	1996	25	33
	1997	50	47
	1998	Discontinue	
INTERMEDIATE RESULT 1.3.3: Successful Models of Private Ownership and Modern Management Widely Replicated			
APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Successful Models of Private Ownership and Modern Management Widely Replicated			
INDICATOR: Numbers of toolkits used on a sustainable basis			

UNIT OF MEASURE: # of firms SOURCE: Project Officer and contractor INDICATOR DESCRIPTION: Number of non-USAID assisted firms using a toolkit increases and is sustained (though toolkit may be revised by clients) COMMENTS:	YEAR	PLANNED	ACTUAL
	1995		0
	1996	1000	1250
	1997	1200	3600
	1998	1200	
	1999	TBD	

INTERMEDIATE RESULT 1.3.4: Sustainable Network of Business Support Institutions Rendering Services to Entrepreneurs and Enterprises APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Sustainable Network of Business Support Institutions Rendering Services to Entrepreneurs and Enterprises			
INDICATOR: Number of Self-sufficient Business Support Institutions			
UNIT OF MEASURE: # of BSIs SOURCE: Project Officer and contractor INDICATOR DESCRIPTION: BSIs financially self sufficient (revenues cover costs) without USAID support COMMENTS:	YEAR	PLANNED	ACTUAL
	1995		0
	1996	60	48
	1997	90	55
	1998	75	
	1999	100	
	2000	100	

SO 1.4 A ROBUST AND MARKET-SUPPORTIVE FINANCIAL SECTOR

Objective Name	Rating	Evaluation findings
SO 1.4: A Robust and Market-Supportive Financial Sector	met	

Overview

The centrally planned economy of the former Soviet Union did not provide the new Russia with the kind of financial infrastructure that would support the growth of a competitive, market-oriented business community. Russia's new economy requires radically different kinds of banks and capital markets to stimulate investment and to facilitate its allocation to efficient uses. It needs financial institutions which first offer services appropriate to a free market, and, second, operate within a regulatory framework capable of fostering the effective delivery of such financial services.

Over the past four years, USAID has been an important catalyst for the development of the Russian capital markets system. The Federal Commission on Securities Markets (FCSM), a government body that oversees capital markets regulation (similar to the Securities Exchange Commission in the U.S.), was created by Presidential decree in 1994, based on USAID technical assistance. In addition, a Russian version of the NASDAQ—called the Russian Trading System (RTS)—was started with USAID support.

SO 1.4 fits in with high level goals of Embassy/Moscow that call for the continued development of Russia's market economy and key economic reforms, including capital markets. USAID/Russia continues to strengthen and enhance the financial sector through the following IRs:

- **IR 1.4.1 Legal and Regulatory Framework for the Financial Sector Established and Strengthened**
- **IR 1.4.2 Functioning Licensing and Standards Institutions**
- **IR 1.4.3 Efficiently Operating Financial Markets Meet the Needs of Market Participants**

Performance Analysis

IR 1.4.1 Legal and Regulatory Framework for the Financial Sector Established and Strengthened

In general, Russia's banking system has moved from an earlier stage of massive proliferation to a more natural consolidation stage. The number of credit institutions decreased from 2029 to 1697, confirming bank consolidation and strengthening. In addition, there was an increase in the number of sound banks and a decrease in the number of banks with solvency problems.

USAID supported this process in 1997, through an activity with the Central Bank of Russia (CBR) developing transparent methods to revoke bank licenses. The activity worked with two main departments within the CBR: first, with the Operations Department on ways to supervise large banking groups, and second, with the Rehabilitation

Department on how to decide when to liquidate problem banks. Under the work of these two departments, 342 banking licenses were revoked during 1997. The CBR further added to the creation of a sound banking system by issuing a set of recommendations on mergers and acquisitions in the banking sector last fall.

Having formed a solid basis for this process, the bank estimates that it will revoke around 50 licenses a year over the next five years. A loss of fifty banks per year is a loss of 3-5 percent of the existing banks in Russia; this level of attrition is considered to be healthy for a developing economy. In addition, the consolidation is an incentive for stronger bank to opening branch offices in localities that lack adequate banking infrastructure. For example, Inkombank established a branch in Sakhalin when two local banks lost their licenses.

The securities market was strengthened in 1997 by the establishment of Regional Offices (ROs) of the FCSM in 15 regions throughout Russia. This was the result of Carana's work with the FCSM. The main functions of the ROs are registration of share issues; broker/dealer licensing; enforcement; licensing and surveillance of registrars; and certification of professional market participants.

Carana also provided office automation equipment and communication systems for the ROs. Training programs were held in different regions of Russia, and more than 500 RO employees learned enforcement and administrative procedures. A manual, which provides reliable background guidance for the RO operations, was prepared and distributed. Procedures for registering share issues were developed and set up in all the ROs. About 10,000 stock issues were made and 8,500 new issuers have been registered (IR 1.4.1.2, 1.4.1.4).

These ROs are especially important given Russia's vast landmass—and because they provide the basis for a unified, country-wide system for capital markets, which increases the potential for more individual Russians to participate in an open, transparent financial sector.

IR 1.4.2 Functioning Licensing and Standards Institutions

Modern Accounting Standards for banks were adopted into law in 1997 and as of January 1, 1998, they have been successfully implemented into the Russian banking system. During the year, USAID committed to develop a project to introduce International Accounting Standards (IAS) to the private sector.

In order to train financial sector workers how to use Modern Accounting Standards, USAID has been working to create adequate banking-training and education facilities in the regions. Two regional bank-training centers were established in 1997, one in Siberia and the other in the Russian Far East. These centers offered sixteen commercial bankers' training courses to nearly 250 bankers from the regions. Courses covered 12 subjects, from "bank product development and delivery" to "customer services terminology." These training centers are now forming an alliance with the Moscow-based Academy of the National Economy (ANE) and the Russian-American Institute of Bankers (RAIB). The alliances are crucial steps in the training centers' plans to be self-sufficient and provide

bankers' training without USAID support.

IR 1.4.3. Efficiently Operating Financial Markets Meet the Needs of Market Participants

Capital Markets. The Russian Trading System (RTS), an over-the-counter electronic trading system modeled after the NASDAQ and started with USAID support, increased the average monthly volume of trading from \$54 million in 1995 to \$295 million in 1996 to \$2 billion in 1997. The number of issues traded on the RTS reached 107. Average spreads between bid and offer prices tightened, reflecting increased competitiveness in the secondary market. They increased by as much as 5 percent for the most-liquid stocks in the last quarter. Launched in December 1996, RTS for second-tier companies proved to be very successful, and by the end of 1997 had 217 issuers listed. Owned by the market participants themselves—through a more-than-700-member national organization, the National Association of Professional Capital Markets Participants (NAUFOR)—RTS is poised for further growth in the regions.

The Depository Clearance Company (DCC) established “transfer-agent agreements” with 23 registrars across Russia and has e-mail access for sending and receiving transfer instructions.

The introduction of mutual fund mechanisms into the securities market took place with great success (and some USAID support) in 1996. By the end of 1997, twenty unit investment fund management companies were licensed by the FCSM and nineteen of them are operational with consolidated net assets of about \$39 million.

The USAID-funded contractor, Price Waterhouse, worked with three fund management companies chosen to create open-end investment funds. On the basis of this work, appropriate regulations were drafted, training was provided both to the Russian FSCM staff and the business community, and case studies for future mutual funds management training were prepared.

The work to support business processes also included the development of standards of document/information flow in the sphere of broker/dealer licensing. Development of a system to support the information flow and data storage in this area has started.

Banking. Fifty Russian banks are now ready to undertake development of a real estate mortgage lending package which adapts model legal documentation to current Russian law and usage. Based on program-sponsored guidelines, participating banks started making loans using real estate as collateral; to date, 170 such loans have been extended.

In addition, as banks became stronger, their investment in government securities increased by 20 percent over last year.

Micro-Financing. In 1997, six USAID-funded activities developed several models for small and micro business financing: regular individual lending, micro lending to groups of entrepreneurs using group lending methodology, leasing, and direct investment. The 1997 target of creating eleven such financing models was significantly exceeded: sixteen such

models were created in eight regions of Russia. The target for 1998 is lower (thirteen financing programs), because three activities ended in 1997.

In 1997, USAID-funded grantees worked with and strengthened 179 small and micro business financing institutions. One-hundred-sixty-eight of these are Russian banks that provide loans to small entrepreneurs; the banks were assisted by the Fund for Democracy and Development (FDD). The remaining institutions are Russian NGOs created with the help of USAID, which provide financing to small and micro entrepreneurs. NGO-run financing programs are very popular with local communities and with regional and local governments, because they also resolve social problems (by creating jobs for disadvantaged groups and creating business opportunities for women, for example). The target of 251 for this indicator was not fully achieved because banks are still reticent. The USAID-funded small and micro business Loan Portfolio Guarantee (LPG) program will add 4-6 Russian banks to the family of small and micro finance institutions in 1998 (IR 1.4.3.2).

In 1997, over 2,300 small and micro business entrepreneurs obtained access to financing through USAID-funded programs. The 1997 target of 2,818 loans was not fully achieved due to the fact that many lending programs took longer than expected to gain momentum and recruit new clients. However, this process can work exponentially, and the financing programs are expected to gain greater numbers in the coming year. Of significant importance is the Opportunity International (OI)/Nizhny Novgorod Business Incubator and lending/leasing program, as well as the Opportunity International/Arzamas micro lending program. OI's clients are 85 percent women. These two programs continue to exist on their own after USAID funding ended. The target for 1998 is lower (1,545 loans) due to the fact that three program components ended in 1997 (IR 1.4.3.3).

Agriculture. In the agricultural sector, the target of supplying 14 private farms with credit through USAID-designed and tested credit mechanisms was fully achieved. Almost all these farms received credit through a collateralized grain credit program in the Krasnodar region. A U.S. firm provided almost \$1 million in credit to the farms, using their harvested grain as collateral. This mechanism is the foundation for a modern grain warehouse receipts system for commercial bank lending. As a result of this activity, the U.S. firm has gained confidence in private farms' ability to repay loans and honor business commitments. Next year, it plans to invest an additional \$5 million for the sale and distribution of seeds and other agricultural items to private farms in the region. In addition to the collateralized grain credit program, an innovative rural credit mechanism was established in Saratov in which commercial banks lend money to private farms at market-based interest rates. Both of these credit mechanisms are providing alternatives to government-subsidized lending in Russia's agricultural sector.

Housing. The Housing Sector Reform Project supported continued growth of the mortgage market through the development of the Russian Agency for Mortgage Lending (AML). During 1997, the AML's Business and Financial Plans were completed, the AML was registered, and 120 billion rubles were allocated by the Government of Russia to begin capitalizing the Agency. The Institute for Urban Economics (IUE) continued working with local banks to develop housing mortgage operations. To date, more than 40 Russian banks have been assisted in improving their mortgage lending operations; more

than 1500 loans were issued by IUE-assisted Russian banks in 1997.

SO 1.4 and the Partnership for Freedom (PFF)/Regional Investment Initiative (RII)

Activities under SO 1.4 are funded through the RII in Novgorod, the Russian Far East (RFE), and Samara.

Novgorod: USAID signed an agreement with SBS-Agro Bank, and approved Novobank's application, to provide loan guarantee funds. Training for loan officers begins this spring. In addition, USAID-supported Opportunity International has issued forty loans through their local counterpart. Four loans have been issued to repeat customers who paid back loans ahead of time (1.4).

Russian Far East: Loan guarantee facilities will also be established with banks in the RFE to encourage small business lending. USAID will also support training programs in financial leasing for banks and businesses (1.4).

Samara: Here, too, loan guarantee programs will work with two to three banks in the region, establishing guarantee facilities for banks to undertake small business lending (1.4).

STRATEGIC OBJECTIVE 1.4: A Robust and Market-Supportive Financial Sector APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: A Robust and Market-Supportive Financial Sector			
INDICATOR: Total Assets of Banking System Relative to Economic Output			
UNIT OF MEASURE: percent	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer, IMF	1993		40.7
INDICATOR DESCRIPTION: Total Assets/Real GDP	1996	55	53
	1997	60	60
COMMENTS: Baseline is 1993	1998	65	
	1999	70	
	2000	75	

INTERMEDIATE RESULT 1.4.1: Legal and Regulatory Framework for the Financial Sector Established and Strengthened APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Legal and Regulatory Framework for the Financial Sector Established and Strengthened			
INDICATOR: Bank Licenses Revoked by CBR			
UNIT OF MEASURE: # of licenses	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer	1994		85
INDICATOR DESCRIPTION: Cumulative number of licenses revoked	1996	400	622
COMMENTS: Baseline is 1994	1997	>600	932
	1998	1,100	
	1999	1,150	
	2000	1,150	

INTERMEDIATE RESULT 1.4.2: Functioning Licensing and Standards Institutions APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Functioning Licensing and Standards Institutions			
INDICATOR: Modern Accounting Standards Adopted into Law			
UNIT OF MEASURE:	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer	1995		no
INDICATOR DESCRIPTION: Accounting law passed	1996	no	no
COMMENTS: This IR achieved in 1997.	1997	yes	yes
	1998	completed	

INTERMEDIATE RESULT 1.4.3: Efficiently Operating Financial Markets Meet the Needs of Market Participants APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Efficiently Operating Financial Markets Meet the Needs of Market Participants			
INDICATOR: Financial Support for private farms and small businesses available commercially			
UNIT OF MEASURE: # private farms and agribusinesses	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer and contractors	1996	0	0
INDICATOR DESCRIPTION: Definition: Private farms and agribusinesses in all raions of Vologda, Saratov and Krasnodar receiving credit through USAID designed and tested credit mechanisms	1997	14	14
	1998	50	
	1999	100	
COMMENTS: Activity began in 1996.	2000	150	
INDICATOR: Transparent Primary Market of Securities in Operation			
UNIT OF MEASURE: # of enterprises	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer	1995	1	1
INDICATOR DESCRIPTION: Enterprises/ issuers that raised funds through Initial Public Offerings	1996	2	0
	1997	4	4
	1998	completed	
COMMENTS: IR achieved in 1997.			
INDICATOR: Mortgage lending in operation			
UNIT OF MEASURE: # of banks	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer	1997		50
INDICATOR DESCRIPTION: Banks making mortgage loans at rates available to individual borrowers	1998	60	
	1999	70	
COMMENTS:			
INDICATOR: Transparent and liquid secondary market of securities in operation			
UNIT OF MEASURE: # of issues	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer	1995		0
INDICATOR DESCRIPTION: Issues traded publicly and having quoted prices in the OTC market	1996	70	86
	1997	90	140
COMMENTS: This IR completed in 1997.	1998	completed	
INDICATOR: Transparent and liquid secondary market of securities in operation			
UNIT OF MEASURE: Average spread (in percent)	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer	1995		0
INDICATOR DESCRIPTION: Average spreads between bid and offer prices tightened reflecting increased competitiveness in secondary market	1996	5	<=10
	1997	4	4
COMMENTS: 1996 figure has to be confirmed.	1998	2	

INDICATOR: Market for government securities broadened			
UNIT OF MEASURE: percent of government deficit	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer	1995		30
INDICATOR DESCRIPTION: Government deficit covered with TBills	1996	25	35
COMMENTS:	1997	30	38
	1998	40	
	1999	45	
	2000	50	
INDICATOR: TBills are available to wide investor community			
UNIT OF MEASURE: percent	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer	1995		6
INDICATOR DESCRIPTION: percent of TBills bought by foreigners	1996	10	10-35
COMMENTS:	1997	15	27
	1998	>20	
	1999	>20	
	2000	>20	
INDICATOR: Licensed mutual funds market in operation			
UNIT OF MEASURE: # of funds	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer	1995		0
INDICATOR DESCRIPTION: Mutual Investment Funds licensed	1996	5	14
COMMENTS:	1997	8	18
IR achieved in 1997.	1998	completed	

**SO 1.5 A MORE ECONOMICALLY AND ENVIRONMENTALLY SOUND
ENERGY SYSTEM**

Objective Name	Rating	Evaluation findings
SO 1.5: Energy Provided on an Economical Basis	fell short	World Energy Council general evaluation concluded that policy environment is not open enough to attract sufficient investment to the energy sector

Overview

USAID/Russia's energy program works to introduce operational and pricing policies and methodologies that will result in a more efficient energy sector. In particular, USAID/Russia targets the regulatory framework that deals with electricity pricing and oil and gas transport. This program works at the federal level with the Federal Energy Commission (FEC) and at the regional level with the Regional Energy Commissions (RECs). For the electric power sector, USAID technical assistance has concentrated on introducing commercial practices into a former centrally controlled monopoly. Work has focused on the formation of a competitive wholesale energy market based on market principles. This has meant drafting new operational rules, instructions and guidelines for membership, participation of generating enterprises, dispatch functions, pricing policies, collection procedures and resource distribution practices.

By introducing sound economic principles, USAID hopes to help put the Russian electric power industry on better financial grounds. For example, by moving to more efficient generators to supply electric energy to the system, annual savings in fuel costs alone are estimated to be \$5.0 billion. This, in turn, would set a more favorable climate to attract the necessary investment in energy (estimated at \$30-70 billion over the next 10 years) to parallel the growth in the domestic economy. By adopting operating practices that are commercially based, the energy system will become more efficient. The Russian electric power industry is one of the heaviest polluters in the country and efficiency measures will also significantly reduce the negative impact this sector has on the environment. The estimated reduction of pollutants by employing an efficient dispatching approach would be 1.0 million tons annually.

In 1997, under the Energy and Environment Commodity Import Program (EECIP) installation was completed for the four equipment allocations made to district heating facilities. The equipment demonstrates the benefits of automated controls and high efficiency burners. District heating is a major drain on the municipal budgets; in many cases up to 35 percent of the annual budget goes to subsidize heating. By introducing efficiency, municipal governments save money, reduce pollutants put into the atmosphere, and decrease the effects on global climate change. Impact studies were completed for four EECIP district heating projects. For Tver, Vladimir and Zelenograd, installation of new heat distribution systems resulted in approximately 13-15 percent energy savings. For Murmansk, boiler system savings are approximately 8 percent. For all four projects energy savings are around 50 percent.

SO 1.5 also fits into the high-level goals of Embassy/Moscow's Program Plan concerning the break-up of monopolies.

USAID/Russia works in the Energy System in the following Intermediate Results:

- **IR 1.5.1 Market and Competitive Forces Introduced in the Power Sector**
- **IR 1.5.2 Improved Energy Efficiency and Demand Side Management Programs Developed and Replicated in Selected Sectors**

Performance Analysis

IR 1.5.1 Market and Competitive Forces Introduced in the Power Sector

In the Spring of 1997, major management changes occurred in RAO UES (National Joint-Stock Holding Company Unified Energy Systems). The new company President instituted a fast track reform program to attract necessary investments to upgrade, expand and increase generating capacity efficiency countrywide. A World Bank loan for \$40 million for the Russian Power Sector Reform Support Project was approved during the year. USAID-funded consultants contributed to a multi-donor effort to support the Yasin Commission, a high level Inter-Ministerial Task Force established by the Prime Minister to review progress and plan next steps for reform in the electric power sector. The work of this Commission resulted in an April, 1997 decree that defines the next steps to further reform the electric power sector.

A new partnership between the national energy regulatory bodies, the Russian Federal Energy Commission (FEC) and the U.S. Federal Energy Regulatory Commission (FERC) was launched through the USAID-funded Energy Industry Partnership Program (EIPP) in August 1997.

A pilot wholesale market program for electric power was launched in July 1997 and appeared to be having some positive results in the fall of 1997. This trial program encouraged a cash market for power, and gradually to weed out inefficient capacity, to eliminate the long-standing circle of debt between the state, the power industry and its customers. Six large customers participated and this resulted in a 30 percent reduction in their rates.

The European Union TACIS program launched a two-year, 1.5. million ECU program of technical assistance to the Federal Energy Commission and to selected Regional Energy Commissions. The contract for this work was awarded to a consortium led by BCEOM of France that started work in Russia in December 1997. The program will be complementary to that of the USAID-sponsored Program in Natural Monopolies (PNM), and an excellent level of mutual cooperation has been established between BCEOM and USAID contractor for PNM (IRIS).

Programs carried out by IRIS to provide economic and legal support to the Regional Energy Commissions in Saratov and Karelia have been extended. New agreements were signed to provide assistance to the RECs of Tyumen, Novosibirsk and Perm. These five

regions are different from each other in many characteristics, and should therefore present opportunities for development of alternative of regulatory initiatives that can be replicated across many other regions in Russia.

In January and June 1997, PNM arranged the “Training Program on Utility Regulation and Strategy” at the Public Utility Research Center (PURC) at the University of Florida for officials from Federal and Regional Energy Commissions. In Summer 1998, PNM will present three in-country courses for regulators and others involved in regulation of all monopoly public utilities.

IR 1.5.2 Improved Energy Efficiency and Demand Side Management Programs Developed and Replicated in Selected Sectors

EECIP has completed three key phases -- allocations, contract award and equipment arrival -- and is completing installation of equipment, end-use reports and impact assessment studies.

Twenty-one contracts with 17 importers for various energy efficient technologies were negotiated between U.S. suppliers and Russian importers for a total of \$25 million (47 percent of the total EECIP which is \$53 million). All equipment has been delivered to final destinations, and equipment worth about \$12.7 million has been installed. With the arrival of each piece of equipment, new technology is being introduced. The demonstration of more energy-efficient lights for urban Moscow has resulted in an additional \$500,000 procurement from GE. The demonstration of Honeywell controls for district heating has led to an additional \$1.5 million procurement by the City of Murmansk. A seminar on energy efficiency will take place in June 1998 to demonstrate the technologies delivered under EECIP to all interested entities, as well as the mechanisms to obtain commercial funding for district heating projects.

SO 1.5 and the Partnership for Freedom (PFF)/Regional Investment Initiative (RII)

USAID will work to increase efficiency and reliability of district heating systems for the RII in the RFE. The work will focus on developing a viable customer base for efficiency upgrades, creating a financing stream from the diversion of heating subsidies to efficiency investments, assisting in developing financing packages, and ensuring a market share for U.S. companies.

SO 1.5 and the Gore Chernomyrdin Commission

USAID works with the GCC Energy Policy Committee in several ways. In the area of nuclear energy, USAID supports the Northwest Investment Study, which is working to identify alternative energy sources that will permit the de-commissioning of unsafe nuclear power plants.

In the area of conventional energy, USAID has two activities under GCC. One is the Commodity Import Program (EECIP), which works on energy efficiency. It has supported upgrades at four district heating facilities. The other is a project to formulate the electrical power restructuring program.

STRATEGIC OBJECTIVE 1.5: A More Economically and Environmentally Sound Energy Systems APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: A More Economically and Environmentally Sound Energy Systems			
INDICATOR: Energy provided on an economical basis			
UNIT OF MEASURE: BTU/Es per kw/hr. SOURCE: Project Officer INDICATOR DESCRIPTION: Average power sector efficiency improving COMMENTS: BTU - British Thermal Unit equal to 1,055 joules which is equivalent to 252 calories	YEAR	PLANNED	ACTUAL
	1995		9,550
	1996	no target set	9,970
	1997	9,770	9,770
	1998	9,670	
	1999	9,670	
	2000	9,650	

INTERMEDIATE RESULT 1.5.1: Market and Competitive Forces Introduced in the Power Sector APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Market and Competitive Forces Introduced in the Power Sector			
INDICATOR: Creation of competitive, private producers/distributors			
UNIT OF MEASURE: percent SOURCE: Project Officer INDICATOR DESCRIPTION: percent of energy provided on least cost basis to wholesale market COMMENTS:	YEAR	PLANNED	ACTUAL
	1995		0
	1996	0	0
	1997	15	15
	1998	25	
	1999	45	
	2000	60	

INTERMEDIATE RESULT 1.5.2: Improved Energy Efficiency and Demand Side Management Programs Developed and Replicated in Selected Sectors

APPROVED: 7/12/96 **COUNTRY/ORGANIZATION:** Russia/ USAID

RESULT NAME: Improved Energy Efficiency and Demand Side Management Programs Developed and Replicated in Selected Sectors

INDICATOR: Demand Side Management Programs Instituted

UNIT OF MEASURE: pilot project financed by USAID

SOURCE: Project Officer

INDICATOR DESCRIPTION: Pilot projects implemented with Private Energy Service Company and AO Energo

COMMENTS:

YEAR	PLANNED	ACTUAL
1995		0
1996	0	0
1997	0	0
1998	3	
1999	3	
2000	3	

**SO 1.6 INCREASED ENVIRONMENTAL MANAGEMENT CAPACITY TO
SUPPORT SUSTAINABLE ECONOMIC GROWTH**

Objective Name	Rating	Evaluation findings
SO 1.6: Increased Environmental Management Capacity to Support Sustainable Economic Growth	met	The Russian Institute for Natural Resource Management's evaluation concluded that USAID has been a major player in the development of the environmental NGO movement and that, in the Far East, at least, "green" NGOs are sustainable.

Overview

USAID/Russia has adopted the ENI-Bureau's new SO 1.6 which replaces SO 3.3.

Improved environmental and natural resources management is key to sustainable economic growth and national security in the Russian Federation. Since 1992, USAID has contributed over \$60 million to address a broad range of environmental issues important to Russia and the global community. Technical assistance, training, and equipment have been provided for pollution prevention, environmental health risk assessment, land use planning, reforestation, environmental education, policy and legal reform, biodiversity protection, public awareness, and other environmental and natural resources activities. One of the most important things USAID stresses is replication of strategies that work. Fully 48 percent of Russia's oblasts are implementing environmental management activities, thanks to USAID support.

The goals of USAID's environment section fit with the low-level goals of the Embassy/Moscow, to expand steadily bilateral cooperation in environment programs.

Achieving this strategic objective is accomplished through the following high level Intermediate Results:

- **IR 1.6.1 Increased Capacity to Deal with Environmental Pollution as a Threat to Public Health**
- **IR 1.6.2 Improved Management of Natural Resources and Biodiversity Protection**
- **IR 1.6.3 Improved Economic Mechanisms for Natural Resources Management, Environmental Protection and Emissions Trading**

Performance Analysis

IR 1.6.1 Increased Capacity to Deal with Environmental Pollution as a Threat to Public Health

USAID programs in pilot cities have introduced new technologies and approaches to reduce pollution. Working with private industry and city-owned utilities in four industrial regions in Russia, USAID activities have reduced air and water pollution and demonstrated significant cost savings. For example, in Novokuznetsk, the introduction of a water filtration and leakage control system not only made tap water safer to drink, it improved efficiency so that many areas of the city that previously received water no higher than the fourth floor suddenly had a water supply. This new system also allowed the city to avoid building a new pumping station—saving them over \$1 million in new equipment, and \$70,000 annually in electricity costs for pumping.

Similar cost savings and pollution reduction have been seen in the cities of Dmitrov, Gagarin, and Tver, where cost-effective methods for evaluating and improving municipal wastewater treatment plant operations have been introduced. In-plant monitoring of flow and quality has improved plant efficiency while reducing contaminant loadings. The introduction of automated monitoring of discharges from local industries has led to greater compliance with permit limits, and has reduced the likelihood of industrial spills damaging treatment operations. For example, in Gagarin, biochemical oxygen demand and suspended solids in effluent were reduced by over 50 percent in 1997, and annual pollution fees dropped by \$2.5 million.

In the area of environmental risk, a new health risk assessment methodology has been tested in seven cities and in 1997 was incorporated into national policy. A Federal Working Group was established and developed an action plan to utilize this methodology on a national scale, including necessary legislative amendments to various laws and regulations. In November 1997, the Ministry of Health and the State Committee of Environmental Protection issued a joint decree requiring the incorporation of risk assessment into sanitary and epidemiological surveillance and environmental protection practices. This national decree gives clear recognition to USAID for its leading role in demonstrating impacts in this important area.

The impacts described above are now being replicated and disseminated throughout the Russian Federation through the Replication of Lessons Learned Project (ROLL). The Russians partners have taken the lead in guiding and implementing this effort. The results are astounding—replication activities under this SO currently cover 33 percent of the oblasts and krais in the Russian Federation. The average grant size is \$27,000 and average cost-share from the Russian partner is 30 percent. For example, in the area of risk assessment, a Moscow-based NGO received a grant to spread important environmental health risk assessment methodology to six of the largest regions in Russia. The NGO is holding seminars to teach the fundamentals of risk assessment to more than 600 medical personnel, ecologists, toxicologists and other specialists.

IR 1.6.2 Improved Management of Natural Resources and Biodiversity Protection

During the past year in particular, USAID has achieved significant results in this area. One activity is producing conifer seedlings for replanting in the many areas of Russia's forests that have been destroyed by fire or logging. In 1997, this comprehensive reforestation program produced over 1.2 million seedlings, compared to 6,500 produced before the

program began. The full capacity of the program is 10 million trees per year by the year 2005. Not only do the USAID-sponsored greenhouse complexes grow high-quality seedlings at lower costs, but the complexes are becoming self-financing, because of government and private sector demand for the seedlings in accordance with reforestation regulations in the Russian Far East.

On the policy and regulatory side, USAID continues to provide cutting-edge policy and legal assistance to the regional forestry service and governments in the Russian Far East. The third draft of the Khabarovsk Krai forestry code has been completed and a public review process was held, involving over 200 experts from different regions. The media acknowledged that this is the first such open and democratic review of important legislation in the history of the Krai. It is the first regional forestry code in Russia based on the Federal Code that specifies use and management of forest resources at a regional level. It clarifies the division of authorities and responsibilities between the Federation and the Krai in terms of ownership, oversight, use and management of forest resources. The Russian Federal Forestry Service intends to replicate this model regional code in other forested areas throughout the Russian Federation.

In the field of biodiversity protection, USAID, in close collaboration with other donors, assisted Russia to stabilize the endangered population of the Siberian Tiger. On July 8, 1997, the Russian Government approved the Federally Targeted Program on Tiger Conservation. The priority of this program is shown by the Russian Federation's decision to allocate 8.5 billion rubles for the protection and conservation of this important species. For the first two years, the federal budget will directly fund 2.4 billion rubles, with the remainder coming from regional budgets and international donors. This program was developed in close collaboration with USAID, the German Government, and non-governmental organizations, including the Hornecker Institute and World Wildlife Fund. These organizations assisted the State Committee on Environmental Protection in carrying out a tiger census which was an important component of the recently developed Tiger Conservation Strategy. This Strategy served as the basis for development of the Federally Targeted Program on Tiger Conservation. Similar efforts are underway to protect the severely endangered Snow Leopard.

The results described above, in addition to many others, are now being copied throughout the Russian Federation through the ROLL project in 15 percent of Russia's oblasts, krais, and republics. For example, the successful reforestation program in Khabarovsk is now being replicated in Primorsky Krai. With resources provided through ROLL, forestry experts in Khabarovsk are assisting their colleagues in Primorsky to initiate a reforestation program, including the construction of a greenhouse designed and tested specifically for the climate in the Russian Far East. Also in the forestry sector, a ROLL grant was provided to forestry policy experts in Khabarovsk who are now assisting their counterparts in Amurskaya Oblast to develop a regional forestry code based on the results of Khabarovsk code.

IR 1.6.3 Improved Economic Mechanisms for Natural Resources Management, Environmental Protection and Emissions Trading

USAID focuses on working with private sector entities, regional authorities, including eco-

funds, and public associations. Activities are closely coordinated with domestic and international financial institutions to leverage additional resources necessary for environmental investment projects.

In the Russian Far East, a new business sector has sprung up because of these activities. Assistance has been provided to more than 100 small and medium enterprises to form trade associations, develop business plans and proposals for funding, and to promote U.S.-Russian joint ventures and trade. Activities are supported by the European Bank for Reconstruction and Development (EBRD), the U.S.-Russia Investment Fund (TUSRIF), and the World Bank to develop bank training and credit windows for this sector. This collaboration has led to financing for two forestry related business associations (one for timber and one for non-timber forest products). A wood products clearinghouse has been established in Vladivostok under the Association of Russian Far East Wood Products Enterprises to provide data and links to investors and U.S. equipment supplies.

Economic tools, such as natural resources valuation, have also been incorporated into regional administrations' pricing schemes for natural resources use. In 1997 in Yaroslavl Oblast, the Administration worked with USG advisors to adopt a policy to base property tax and user fees on values for environmental resources. Specifically, the monetary value of the Oblast's water and forest resources have been incorporated into regional tax policy and a review of options is underway to increase value-added processing in the forest sector. These new environmental economic approaches are now being implemented in other regions in Russia.

USAID assistance has been provided to private enterprises and to municipalities to develop environmental projects and investment packages to be financed through domestic and international financial institutions. Similarly, assistance has been provided to strengthen regional eco-funds to act as intermediaries with larger financial institutions. These activities have leveraged both large and small scale environmental loans for municipalities. For example, Nizhny Tagil's application to the World Bank's National Pollution Abatement Fund was recently approved for funding to support large-scale improvements to its drinking water system. USAID's partner cities of Gagarin and Smolensk are candidates for World Bank financing under its \$300 million loan for municipal water sector infrastructure improvements.

SO 1.6 and the Partnership for Freedom (PFF)/Regional Investment Initiative (RII)

Novgorod: The Harvard Institute for International Development is in Novgorod to develop a financial plan for investors for the production and usage of a water-cleaning product, AKFK. The owners of AKFK are negotiating with an American company to form a joint venture to produce AKFK (1.6.1).

Russian Far East: USAID will develop a small grants program designed to promote innovative business development opportunities that will result in protected or enhanced environmental conditions (1.6.3).

Samara: The RII program in Samara will support a health risk assessment and cost-effectiveness analysis that will enable the Environment Committee to target its most pressing problems. Quantitative risk assessments permit estimation of the potential risks to human health posed by each major air, drinking water, and soil pollutant in the city and make possible comparisons of pollution impacts. Thus, health risk assessment helps to identify the crucial sources of the pollutants, and to rank a large number of facilities and industrial activities in order of their contribution to overall pollution risk.

In addition, a training program for ISO 14000-based environmental management systems will be introduced to key constituencies in industry and government. To accomplish this, a Russian partner organization will be fully trained and certified in ISO 14000. This organization will have the capability to offer ISO 14000 training and technical consulting for private industry. In addition, one to two key industries will be chosen as pilot to introduce the ISO 14000 program.

SO 1.6 and the Gore Chernomyrdin Commission

USAID is an active member of the GCC Environment Committee. The GCC provides the policy framework for USAID's environmental cooperation program in Russia.

In 1997, Prime Minister Chernomyrdin commissioned the government to develop a federally targeted program on lead. This came out of USAID assistance to Russian counterparts to develop a "Lead White Paper" to address the problem of lead contamination. USAID also provided financial support to CDC to conduct a pilot blood lead level screening of 600 children in Saratov, with similar projects planned for three additional cities.

To support the GCC's priority focus on the chloroflourocarbon (CFC) production sector phase-out, USAID is providing grant resources to the World Bank-managed "Special Initiative for Supplementary Funding to Complete Ozone Depleting Substances (ODS) Phase-Out in the Russian Federation." USAID resources will be used to carry out sub-projects consisting of a number of actions, including the provision of appropriate technical assistance aimed at phasing out the production of ODS in Russia.

STRATEGIC OBJECTIVE 1.6: Increased Environmental Management Capacity to Support Sustainable Economic Growth APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Increased environmental management capacity to support sustainable economic growth			
INDICATOR: New policies, techniques, technologies, management practices and public awareness activities to support sustainable economic growth are introduced and implemented widely throughout the R.F.			
UNIT OF MEASURE: percent of oblasts SOURCE: Project Officer INDICATOR DESCRIPTION: percent of oblasts implementing environmental management activities COMMENTS: Baseline is 1992.	YEAR	PLANNED	ACTUAL
	1992		value: 0
	1996	9 percent	11 percent
	1997	18 percent	48 percent
	1998	30 percent	
	1999	50 percent	
	2000	65 percent	

INTERMEDIATE RESULT 1.6.1: Increased Capacity to Deal with Environmental Pollution as a Threat to Public Health APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Increased capacity to deal with environmental pollution as a threat to public health			
INDICATOR: New approaches/ techniques/ technologies/actions to prevent and reduce industrial pollution are introduced and implemented throughout the Russian Federation			
UNIT OF MEASURE: percent of oblasts SOURCE: Project Officer INDICATOR DESCRIPTION: percent of oblasts (cumulative) using new approaches/ techniques/ technologies/actions COMMENTS: 1992 is baseline.	YEAR	PLANNED	ACTUAL
	1992		0
	1996	4	4
	1997	10	33
	1998	20	
	1999	35	
	2000	45	

INTERMEDIATE RESULT 1.6.2: Improved Management of Natural Resources and Biodiversity Protection APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Improved Management of Natural Resources and Biodiversity Protection			
INDICATOR: New approaches/actions to improve management of natural resources and protect biodiversity are implemented throughout the Russian Federation			
UNIT OF MEASURE: percent of oblasts SOURCE: Project Officer	YEAR	PLANNED	ACTUAL
	1993		value unknown
INDICATOR DESCRIPTION: percent of oblasts implementing new approaches/ actions	1996	5	7
	1997	8	15
COMMENTS: Baseline is 1993.	1998	10	
	1999	15	
	2000	20	

INTERMEDIATE RESULT 1.6.3: Improved Economic Mechanisms for Natural Resources Management, Environmental Protection and Emissions Trading APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Improved Economic Mechanisms for Natural Resources Management, Environmental Protection and Emissions Trading			
INDICATOR: Environmental investment packages and business plans developed and submitted to funding institutions			
UNIT OF MEASURE: # SOURCE: Project Officer	YEAR	PLANNED	ACTUAL
	1992		0
INDICATOR DESCRIPTION: investment packages and business plans	1996	20	26
	1997	15	18
COMMENTS: 1992 is baseline.	1998	5	
	1999	5	
	2000	5	

**SO 2.1 INCREASED, BETTER-INFORMED CITIZEN PARTICIPATION IN
POLITICAL AND ECONOMIC DECISION MAKING**

Objective Name	Rating	Evaluation findings
SO 2.1: Increased, Better Informed Citizens Participation in Political and Economic Decision Making	met	An assessment by USAID/Russia indicated that NGO's throughout the country are more involved in local activism but that financial sustainability is still a major issue.

Overview

The informed participation of Russian citizens in the political and economic life of the nation is essential to making Russia's transition to a broad-based democracy and market economy stable and successful.

Russia's democratic institutions—such as independent media, civil society organizations, and election commissions—have made tremendous gains in the past several years. However, many of these institutions are fragile or in the early stages of development.

In general in 1997 more people watched independent television and more read independent newspapers than in 1996. The number of registered NGO's continued to grow and political parties continued to strengthen their regional presence.

Medium level goals of Embassy/Moscow's current Program Plan are met by SO 2.1, by promoting consolidation of democracy, development of civil society and an environment favorable to Russian NGOs.

The following high level Intermediate Results help achieve this Strategic Objective:

- **IR 2.1.1 Free and Fair Elections Administered Nationally and Locally**
- **IR 2.1.2 Increased Public Access to Information Which Is Needed for Informed Political and Economic Choices**
- **IR 2.1.3 NGO Sector Provides Alternative to Ballot Box for Participating in Economic and Political Decision Making**

Performance Analysis

IR 2.1.1 Free and Fair Elections Administered Nationally and Locally

Regional gubernatorial elections have now taken place in all but one of Russia's 89 regions. During 1997, 11 regional elections for governors and more than 20 regional Duma elections took place. Irregularities from these elections, such as questionable voter lists, were dealt with within the law, mainly in the courts. In addition, sweeping legislation on voting rights was passed in 1997 (Law on Basic Guarantees of Voters

Rights and the Rights of Citizens to Participate in a Referendum), which further strengthened the electoral system's democratic legal basis.

An important change over the past year is that democratic parties in Russia began building an integrated organizational structure consisting of regional and local chapters. For example, the reformist “Yabloko” party established strong organizations in 22 regions, while the pro-government “Nash Dom Rossiya” party has strong local chapters in 16 regions. In the year following the presidential election, the three major democratic political parties adopted written, long-term, and periodically-reviewed plans; they continued membership and volunteer recruitment programs; and they focused on training at regional and local levels.

IR 2.1.2 Increased Public Access to Information Which Is Needed for Informed Political and Economic Choices

The growth of independent media in Russia has been impressive. On average, at any given time, about 25 percent of the population outside of Moscow is watching an independent local TV station instead of network or state TV. This is more than double the percentage from 1996. Total television advertising purchased from regional stations also doubled from 10 percent in 1996 to 20 percent in 1997. The number of independent regional stations averaging over \$100,000 monthly in gross advertising revenues grew from 20 in 1996 to 40 in 1997. These are significant indicators showing the growth and importance of independent regional TV in Russia. Another significant result was the creation of six U.S.-Russian media partnerships; these groups are now running without further USAID funding. In addition, the number of USAID-assisted newspapers showing increased revenues increased from eight in 1996 to 48 in 1997.

Enhanced e-mail and Internet connections also drive the media sector's dynamic growth and consolidation. The estimated number of independent TV stations linked by e-mail has grown from 100 in 1996 to 200 in 1997. The number of newspapers linked by e-mail has grown from seven to 400 in the same time period. There are also 15 online Russian newspapers and 30 TV-related web sites. In addition, the two media organizations supported by USAID—Internews and the National Press Institute (NPI)—are now registered as Russian organizations and have Russian management, while retaining close partnership links to U.S. groups.

IR 2.1.3 NGO Sector Provides Alternative to Ballot Box for Participating in Economic and Political Decision Making

The number of active NGOs across Russia, especially outside of Moscow and St. Petersburg, continues to increase. There are now 65,000-70,000 registered NGOs in Russia. Although many of them are unsustainable or inactive, the list of NGOs finding alternative sources of funding is growing. In the three target regions of Siberia, Central Russia and Southern Russia, the number of NGOs that won competitive contracts to provide local services grew from 0 in 1996 to 34 in 1997. In these same regions, the number of NGOs that received USAID sub-grants doubled in 1997 to 217.

NGOs involve citizens in their communities through advocacy. Out of 20 target cities, the number with new legislation that was introduced or influenced by local NGOs increased from four in 1996 to 17 in 1997. In the same target areas, the number of citizen advisory groups that are recognized by local authorities has increased from six in 1996 to 18 in 1997.

Free trade unions also support change and participation in community awareness. USAID-funded public interest law clinics run by unions in St. Petersburg, Yekaterinburg and Moscow provided 2,500 legal consultations and supported 300 employee lawsuits over the past three years.

From 1994 to 1997, USAID supported over 110 U.S.-Russian partnerships in all USAID assistance areas. A new partnership program, called Sustaining Partnerships into the Next Century (SPAN), was started in 1997, and has already provided 15 partnership grants to expand and deepen existing U.S.-Russian partnerships. This new program represents USAID's new partnership approach—more cost sharing, focus on sustainability, mutual benefits from both sides, and strong Russian participation.

SO 2.1 and Women's Issues

USAID assistance helped begin Russian NGO women's crisis centers in Moscow, St. Petersburg, and Saratov. For the first time in Russia, these centers provide free counseling services for women victims of domestic violence. In addition, USAID has supported and strengthened many non-governmental organizations providing services, education, and networking for women through World Learning, IREX and Save the Children programs.

SO 2.1 and the Partnership for Freedom (PFF)/Regional Investment Initiative (RII)

The Eurasia Foundation has awarded 27 grants to NGOs, small businesses, and community organizations in Novgorod for various community-based programs. One of the grants established an NGO Resource Center to provide support to NGOs throughout the region. The center is working in close collaboration with the Novgorod Oblast to develop training programs and to pass legislation which will enable the administration to award social service contracts to NGOs.

USAID awarded a contract to the International City and County Managers Association (ICMA) to develop a partnership between Novgorod and Hartford, Connecticut. The two cities have designed a program to improve financial management and budgetary procedures for Novgorod. USAID is also funding seven additional partnerships in Novgorod through IREX's International Partnership Program (IPP). These partnerships are in housing reform, family medicine, disability awareness, women entrepreneurship, geographic information, organizational development for the local chamber of commerce and small business development in economically depressed areas.

STRATEGIC OBJECTIVE 2.1: Increased, Better Informed Citizens Participation in Political and Economic Decision Making APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Increased, Better Informed Citizens Participation in Political and Economic Decision Making			
INDICATOR: Increased access to non-state TV broadcasting in the regions			
UNIT OF MEASURE: percent viewership watching non-state regional TV SOURCE: Project Officer and contractor INDICATOR DESCRIPTION: Non-state broadcasters (without NTV) COMMENTS:	YEAR	PLANNED	ACTUAL
	1992		0
	1996	12	12
	1997	15	25
	1998	30	
	1999	35	
	2000	40	
INDICATOR: Increased public confidence in elections and electoral institutions			
UNIT OF MEASURE: percent of voters surveyed before/following national elections expressing belief that elections were honest SOURCE: Project Officer INDICATOR DESCRIPTION: Public expresses confidence that the electoral process is transparent and free from fraud. COMMENTS: *Actual data pending national elections in 1999 and 2000.	YEAR	PLANNED	ACTUAL
	1995		7
	1996	10	7
	1997	-	*
	1998	-	
	1999	10	
	2000	15	
INDICATOR: Increased (strengthened) party identification among voters			
UNIT OF MEASURE: percent of voters expressing identification with a political party SOURCE: Project Officer INDICATOR DESCRIPTION: Voters express identification with a political party that they believe can be trusted to represent their views in government COMMENTS: Baseline is 1994. *Actual data pending national elections in 1999 and 2000.	YEAR	PLANNED	ACTUAL
	1994		22
	1996	25	22
	1997	-	*
	1998	-	
	1999	26	
	2000	27	
INDICATOR: Increased # of registered NGOs			
UNIT OF MEASURE: # of registered NGOs SOURCE: Program Officer INDICATOR DESCRIPTION: # of registered NGOs COMMENTS: 1997 Actual estimation: reliable current data from central registers is unavailable. Our experts have compiled the 70,000 figure from several sources and assure us that it is accurate to within 5,000 organizations.	YEAR	PLANNED	ACTUAL
	1994		25,000
	1996	50,000	50,000
	1997	55,000	65,000 - 70,000
	1998	73,000	
	1999	78,000	
	2000	83,000	
INDICATOR: Increased number of citizens personally affiliated with NGOs			

UNIT OF MEASURE: percent of positive answers SOURCE: Project Officer INDICATOR DESCRIPTION: Beginning in 1997, VTSIOM public opinion polling indicates a trend of increased personal affiliation with NGOs COMMENTS: In 1995, 1996 nation-wide survey data was not available.	YEAR	PLANNED	ACTUAL
	1997	1.9	1.9
	1998	2	
	1999	2.5	
	2000	3	

INTERMEDIATE RESULT 2.1.1: Free and Fair Elections Administered Nationally and Locally APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Free and Fair Elections Administered Nationally and Locally			
INDICATOR: Participation in national and local elections is certified free and fair by observers.			

UNIT OF MEASURE: yes/no SOURCE: Project Officer INDICATOR DESCRIPTION: International observers certify elections to be generally free of systemic fraud and vote manipulation COMMENTS: 1996 - Presidential and 48 of 55 governors 1997 - 11 of 11 governors; 20+ oblast legislature elections, pending further data from the Central Election Commission; elections to local self government councils.	YEAR	PLANNED	ACTUAL
	1995		0
	1996	yes	yes
	1997	yes	yes
	1998	yes	
	1999	yes	
	2000	yes	

INTERMEDIATE RESULT 2.1.2: Increased Public Access to Information which is Needed for Informed Political and Economic Choices APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Increased Public Access to Information which is Needed for Informed Political and Economic Choices			
INDICATOR: USAID funded media partnerships (Media Archive, IBS satellite subscription and Shareholders' information service) are created and self sustaining			
UNIT OF MEASURE: Aggregate number of self sustaining partnerships SOURCE: Project Officer and contractor INDICATOR DESCRIPTION: Partnership created and running without USAID funds COMMENTS:	YEAR	PLANNED	ACTUAL
	1995		0
	1996	1	3
	1997	1	6
	1998	2	
	1999	3	
	2000	3	
INDICATOR: More readers in regions obtain news from non-state regional newspapers			
UNIT OF MEASURE: Total average weekly circulation of articles distributed by Mid-Volga News Exchange (MVNE) SOURCE: Project Officer and contractor INDICATOR DESCRIPTION: Increased circulation of non-state regional newspapers COMMENTS: 1999 Planned: Rate structure projected to increase facilitating self-sustainability, but also stabilizing circulation growth	YEAR	PLANNED	ACTUAL
	1994		0
	1996	0 (activity in development)	0
	1997	75,000 average weekly circulation of MVNE articles (1 article monthly in each of 25 newspapers, total circulation 300,000)	346,000 average weekly circulation of MVNE articles (18 articles yearly in each of 40 newspapers, total circulation 1,000,000)
	1998	1M average weekly circulation of MVNE articles (1 article weekly in each of 40 newspapers, total circulation 1M)	
	1999	1 M (unchanged - 40 newspapers)	
	2000	1.2 M (50 newspapers)	

INTERMEDIATE RESULT 2.1.3: NGO Sector Provides Alternative to Ballot Box for Participating in Economic and Political Decision-making

APPROVED: 7/12/96 **COUNTRY/ORGANIZATION:** Russia/ USAID

RESULT NAME: NGO Sector Provides Alternative to Ballot Box for Participating in Economic and Political Decision-making

INDICATOR: Increased in interaction between NGOs and local government

UNIT OF MEASURE: # of cities

SOURCE: Project Officers

INDICATOR DESCRIPTION: Cities in target regions have mechanisms for NGO interaction with local governments in use

COMMENTS:

YEAR	PLANNED	ACTUAL
1994		0
1996	5	6
1997	10	18
1998	20	
1999	25	
2000	35	

SO 2.2 LEGAL SYSTEMS THAT BETTER SUPPORT DEMOCRATIC PROCESSES AND MARKET REFORMS

Objective Name	Rating	Evaluation findings
SO 2.2: Legal Systems that Better Support Democratic Processes and Market Reforms	met	An assessment implemented by USAID-funded consultants, including a new Deputy Assistant Secretary of Treasury, concluded that: 1) rule of law activities, particularly training, are considered important by Russian colleagues, and 2) that there is a large interest in strengthening the relationship/ partnership between the U.S. and Russian judiciary.

Overview

Just a few years ago, the concept of an independent judiciary in Russia was practically unimaginable. Soon after the end of communism, however, the process of judicial reform was underway. In late 1997, the Duma passed and the President signed a new “Constitutional Law on the Judicial System” which set up an independent body to administer the courts. The framework this law lays out came in part from Russian exposure to the American model of judicial independence—brought about in large part by USAID-funded Rule of Law programs of the past few years.

In view of the ongoing changes in the legal sector in Russia, USAID is focusing its legal reform programs more on the application of commercial law and on judicial administration. Legal reform is currently at a critical juncture: if the Russian government will adequately fund the courts, the chances for a legal system that better supports democratic processes and market reforms are greater than ever before.

Progress is being made in peoples' understanding and use of courts as an alternative to arbitrary judgments and violence as a means of dispute resolution. Fifteen percent of people with legal problems, including foreign owned businesses, used the Russia court system to solve disputes, up 5 percent from 1996. The senior partner of one of the premier U.S. law firms in Moscow now routinely advises his clients to pursue their claim in Russian courts.

High level goals of Embassy/Moscow's Program Plan are met in SO 2.2 by promoting continuation of key economic reforms, including regulatory and law enforcement issues. Medium level goals of the Embassy encompass USAID's work to strengthen the and judicial branch.

USAID's high level Intermediate Results for this Strategic Objective are:

- **IR 2.2.1 Better Administration, Application and Enforcement of Law**
- **IR 2.2.2 Higher Standards and Competence in the Legal Profession**

Performance Analysis

IR 2.2.1 Better Administration, Application and Enforcement of Law

In 1997, the Russian Federation courts of general jurisdiction took a big step toward gaining independence from the executive branch. Under a constitutional law on the judicial system, a new Judicial Department was created. This department, instead of the Ministry of Justice, will administer the courts of general jurisdiction. This unprecedented level of independence was helped by the contacts USAID facilitated between the leadership of the Russian judiciary and the Administrative Office of the U.S. Courts. Other ties were strengthened between the U.S. federal judiciary and the Russian judicial leadership through exchanges and training. The Russian Council of Judges was also strengthened by USAID-sponsored programs in Moscow on judicial administration.

The 1998 Russian Federation draft budget includes an appropriation of some 68 billion rubles (around \$11 million dollars) for the operation of the new Judicial Department. The legislative conditions for a truly independent system of courts are in place, and USAID is poised to assist the Department assume its new duties through the National Judicial College (NJC) of Reno, Nevada.

IR 2.2.2 Higher Standards and Competence in the Legal Profession

The new wording of this IR captures the essence of USAID-funded activities in this area better than previous wording.

The USAID-funded Rule of Law Consortium has supported targeted law schools since 1994 with considerable success. A new law school association was set up. The number of law schools with advocacy training programs increased from zero in 1994 to six in 1997. The Russian Foundation for Legal Reform (RFLR), which is implementing the World Bank's Legal Reform Loan, received design assistance from the Consortium and has taken over support for further reforms in these law schools (IR 2.2.2.1).

ABA/CEELI continued to support law school curriculum reform—specifically replacing the old Soviet teaching style of overly theoretical lecture courses with practice-based training. A seminar held in May 1997 brought 18 Russian law teachers from 11 cities throughout Russia together to develop practice-based teaching modules in the areas of constitutional/administrative law, criminal law and civil law, which will be distributed to law schools throughout Russia. The emphasis on practice-based teaching also encourages the development of legal clinics within law schools. With USAID support, there are now three law schools offering clinical legal education and more are planning to set up legal clinics in 1998 and 1999 (IR 2.2.2.1).

In a significant change in strategy, USAID moved its focus from support for the introduction of the jury trial system in the Russian Federation to support for training of lawyers in commercial law. Russian jury trial initiative, launched in 1993, was ultimately not given enough financial support by the government. In 1997, ABA/CEELI started a continuing legal education program on commercial law topics for Moscow lawyers. The materials used were put together by Russian experts in a number of commercial law

subjects. The training is so popular that programs have started in Krasnodar, Novgorod, Samara, Moscow, Rostov-on-Don, Stavropol, and Taganrog. Most of these events were organized with the help of local law groups, whose own role in the local legal communities were thereby enhanced and strengthened. ABA/CEELI provided continuing law education in a number of other ways: it addressed gender issues by serving as a clearinghouse and coordinator for various Russian women's groups and as a facilitator of seminars and roundtables on such issues as trafficking in women (IR 2.2.2.1).

The Vermont/Karelia law partnership continues to flourish. The joint work in commercial law, bar association and law school strengthening continues, implemented by frequent visits of Russian legal professionals to the United States and U.S. representatives to Karelia. This serves as a model for similar partnerships which are beginning in Leningradskaya and Arkhangelskaya Oblasts.

SO 2.2 and Women's Issues

The American Bar Association/Central and East European Law Initiative (ABA/CEELI) conducts training for women's rights advocates and women attorneys on legal issues and advocacy. Topics include sexual harassment and legal remedies; association development for education and advocacy; and use of expert witnesses in domestic violence cases. ABA/CEELI promotes continuing education and networking through bimonthly meetings for lawyers, activists, social workers, and psychologists on violence issues and advocacy. ABA/CEELI supports three women's advocacy NGOs in Taganrog, Saratov, and St. Petersburg and is developing public education materials on violence.

The Moscow Center for Gender Studies (MCGS) is conducting a gender-based analysis of labor law, state programs, and proposed legislation, and assessing the effectiveness of their implementation by the Ministry of Labor and the Federal Employment Service. Four legislative focal areas -- employment, reproductive rights, mass media, and migration -- will be analyzed in the context of legal reform, social policy, and changes in the state institutions responsible for the advancement of women. Findings will be acted upon to amend laws identified as discriminatory and to enforce anti-discriminatory legislation.

SO 2.2 and the Partnership for Freedom/Regional Investment Initiative

Novgorod: ABA/CEELI conducted a successful training seminar for lawyers and advocates on Russian commercial law topics.

Samara: The Samara RII plans to support a pilot program on enforcement of judgments with the new Marshal's service in the Samara oblast.

STRATEGIC OBJECTIVE 2.2: Legal Systems that Better Support Democratic Processes and Market Reforms APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Legal Systems that Better Support Democratic Processes and Market Reforms			
INDICATOR: Businesses begin to utilize the Russian court system and arbitration/mediation instead of going abroad or resorting to illegal means			
UNIT OF MEASURE: percent	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer	1994		0
INDICATOR DESCRIPTION: percent of persons including foreign investors willing to use Russian courts or alternative dispute mechanisms	1996	10	10
	1997	15	15
	1998	20	
COMMENTS: Baseline is 1994.	1999	25	
	2000	30	

INTERMEDIATE RESULT 2.2.1: Better Administration, Application and Enforcement of Law APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Better Administration, Application and Enforcement of Law			
INDICATOR: Mediation/arbitration exists as a viable alternative to extra-judicial means of dispute resolution			
UNIT OF MEASURE: yes/no	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer and contractor	1996		no
INDICATOR DESCRIPTION: Mediation/arbitration exists	1997	no	no
	1998	no	
	1999	yes	
COMMENTS: Activity began in 1996.	2000	yes	

INTERMEDIATE RESULT 2.2.2: Higher Standards and Competence in the Legal Profession APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Higher Standards and Competence in the Legal Profession			
INDICATOR: Systems exist for continuing legal education on recent commercial legislation			
UNIT OF MEASURE: yes/no	YEAR	PLANNED	ACTUAL
SOURCE: Project Officer and contractor	1997	no	yes in early stage
INDICATOR DESCRIPTION: Systems in existence and operating	1998	yes	
	1999	yes	
	2000	yes	
COMMENTS: Activity began in 1997.			

SO 2.3 MORE EFFECTIVE, RESPONSIVE AND ACCOUNTABLE LOCAL GOVERNMENT IN TARGET CITIES

This Strategic Objective was excluded from USAID's Results Framework last year, but, through affiliation with other SOs (see 1.3 and 2.1) some monitoring of intermediate results has continued.

IR 2.3.1 Increased LG Efficiency

In 1997, President Yeltsin signed a decree aimed at pushing forward housing sector reforms in Russia. The decree, drafted with extensive technical support from USAID's Housing Sector Reform Project (HSRP), sets the year 2003 as the target for complete cost-recovery and full self-sustainability of the sector, including communal services and maintenance. HSRP-designed means-tested subsidies will be used to cushion the effects of increased tariffs on poor residents. Fourteen pilot cities have been designated. Again with HSRP input, a follow-on Government Resolution mandated reducing certain Federal grants to regions which do not adhere to the Federal schedule of raising rents (HSRP developed a methodology for computing the status of regional programs and for determining the amount of the deduction). The Decree itself and follow-on resolutions adopted by the Government gave a substantial impetus to the implementation of housing reforms in Russia.

According to the federal targets, by 1997 residents were to cover at least 35 percent of housing maintenance and utilities costs. With HSRP assistance, 9 of the 14 pilot cities exceeded the goal with cost recovery ranging from 36.5 percent to 53 percent. Cost recovery in the remaining cities, though below target, also increased dramatically (from 7 percent to 28 percent in Ulyanovsk).

Competition for maintenance work was accepted in principle by the 14 pilot cities but implementation has been slow outside of Moscow. Nizhny Novgorod led with 40 percent of municipal housing being maintained on a competitive basis. Six of the 14 targeted cities held at least 5 competitions for maintenance each during the year (IR 2.3.1.3).

STRATEGIC OBJECTIVE 2.3: More Effective, Responsive and Accountable Local Government (LG) in Nizhnii Novgorod, Tver, Vladimir, Vladivostok, Moscow (target cities) APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: More Effective, Responsive and Accountable Local Government (LG) in Nizhnii Novgorod, Tver, Vladimir, Vladivostok, Moscow (target cities)			
INDICATOR: Target cities are both capable and actually hold a town meeting/public hearings related to the budget			
UNIT OF MEASURE: number of target cities that have held a town meeting/public hearing SOURCE: Project Officer and contractor INDICATOR DESCRIPTION: Target city holds a town meeting/public hearing COMMENTS:	YEAR	PLANNED	ACTUAL
	1995		0
	1996	1	2
	1997	2	2
	1998	Discontinue	
INTERMEDIATE RESULT 2.3.1: Increased LG Efficiency APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Increased LG Efficiency			
INDICATOR: Resident's fees for housing maintenance and communal services are adjusted towards cost recovery			
UNIT OF MEASURE: % SOURCE: Project Officer and contractor INDICATOR DESCRIPTION: Average housing maintenance and communal services cost recovery rate in targeted cities COMMENTS:	YEAR	PLANNED	ACTUAL
	1997		35
	1998	50	
	1999	65	
	2000	80	
INTERMEDIATE RESULT 2.3.1.3: City Responsibilities are more Clearly Defined in the following target cities: 5 for 1996 - Moscow, Nizhnii Novgorod, Tver, Vladimir, Vladivostok; 10 for 1997 plus Tomsk Petrozavodsk, Pskov, Volkhov, Dzerzhinsk APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: City Responsibilities are more Clearly Defined in the following target cities: 5 for 1996 - Moscow, Nizhnii Novgorod, Tver, Vladimir, Vladivostok; 10 for 1997 plus Tomsk Petrozavodsk, Pskov, Volkhov, Dzerzhinsk			
INDICATOR: Target cities adopt modern city charters and implementing regulations that clearly define the cities responsibilities in management of the city including budget			
UNIT OF MEASURE: # of cities with a modern charter and implementing regulations SOURCE: Project Officer and contractor INDICATOR DESCRIPTION: Target city with modern charter adopted as law COMMENTS:	YEAR	PLANNED	ACTUAL
	1995	0	0
	1996	5	5
	1997	10	15
	1998	Discontinue.	
INDICATOR: Federal legislation delegation of authority to the cities in the following areas: financial Management/Tax, Urban Development/Strategic planning, Social security/crimes			

SO 3.2 IMPROVED EFFECTIVENESS OF SELECTED SOCIAL BENEFITS AND SERVICES

Objective Name	Rating	Evaluation findings
SO 3.2: Improved Effectiveness of Selected Social Benefits and Services	met	ENI/HPN evaluation of AIHA concluded program should focus on replicating hospital partnerships and recommended more health partnerships including associations and NGOs. GIHN pharmaceutical evaluation stressed the need for better documentation of quantifiable improvement.

Overview

The health of Russia's population is vitally important to the country's economic development and national security. As Russia adapts to a market economy, health care and other social services have been hit hard. The new Russian Federation inherited a health system plagued by disincentives in policy, finance, and management, and subsequent decentralization of that system further limited the sector's ability to meet the needs of the Russian population in such basic areas as reproductive and child health. This strategic objective also works on other social services, particularly subsidized housing allowances and social safety nets for privatized firms.

USAID has contributed over \$95 million since 1992 to address a broad range of health issues. Technical assistance and training expertise have been provided for health reform, women's reproductive health, and the development of a high-quality pharmaceutical industry; as well as non-governmental organizations, environmental health, hospital and other medical partnerships, health information and response activities, and support to the Gore-Chernomyrdin Commission Health Committee.

Pilot programs supported by USAID/Russia—and discussions of their results with policy-makers—have had some effect. Since 1993, hospital capacity and reliance on inpatient care have gone down, although figures remain much higher than in OECD countries. The Russian health budget still goes to support hospitals. A 20 percent reduction for both hospital capacity and reliance on inpatient care by the year 2000 would bring that budget focus down to 50 percent.

When USAID/Russia resources have been targeted at specific social sector issues, the results have been encouraging. For example, abortion rates in USAID/Russia demonstration sites declined an average of 11 percent in 1997, compared with a national average decline of 5 percent. The Ministry of Health is facilitating the replication of these demonstrations and their provision of safe, voluntary family planning information and services. The Ministry also credited the USAID/Russia program with national level declines in abortion, including illegal abortions and abortions provided to young women.

Successful regional-level reforms will be incorporated into larger, national-level initiatives such as the Quality and Access to Health Services activity initiated under the GCC and new World Bank loans. USAID/Russia will also target selected problem areas, such as maternal and child health, HIV/AIDS and tuberculosis.

Three health indicators are tracked at the SO level (Beds per Population; Hospital Admission Rate; Abortion Rates). The SO fits within lower level Embassy/Moscow goals, ensuring ongoing programs create partnerships in such key areas as health.

The following high level Intermediate Results are necessary for achievement of this Strategic Objective:

- **IR 3.2.1 Policies, Laws and Regulations are Submitted to the Russian Duma**
- **IR 3.2.2 New Approaches to Service Delivery Adopted**
- **IR 3.2.3 New Approaches to Resource Allocation and Alternative Financing of Service Delivery Adopted**

Performance Analysis

IR 3.2.1 Policies, Laws and Regulations are Submitted to the Russian Duma

USAID/Russia has successfully contributed to national level health policy development within the Ministry of Health and the State Duma by encouraging appropriate policy and legislation. On August 7, 1997, the cabinet adopted and the Prime Minister approved a national Conceptia for health reform. It includes various approaches the USAID/Russia program has been suggesting since 1992: 1) financing a share of health care through payroll taxes, health insurance, and patient fees; 2) defining a set of basic services to be provided to all citizens by the public health system; 3) emphasizing preventive health and better use of general practice doctors; 4) encouraging the development of non-governmental organizations; and 5) moving the federal health Ministry into a more normative role, as opposed to the direct delivery of health services.

As a result of this step forward by the national government, USAID/Russia considers two SO 3.2 indicators achieved and has removed them from the performance assessment table: IR 3.2.1 (Health Policy makers Attitudes Change in Support of Health Reforms) and IR 3.2.1.2 (White Paper in Health Sector Reform Endorsed by Health Care Policy Makers).

Final passage of the national law on private medical practice, originally drafted with input from USAID/Russia-supported legal experts, has still not occurred. The law defines the responsibilities and obligations of private clinics and practitioners and sets up a favorable taxation mechanism to encourage development of private services.

Draft oblast laws and regulations on a range of health sector issues are being prepared in the pilot oblasts. In Moscow oblast, a law on financing of care for patients from other administrative regions has been drafted and is ready for submission to the local legislative assembly. In Novgorod, a draft law regulating oblast procurement of pharmaceuticals,

payment policies for exempt populations and drug prices awaits submission. In Kaluga, a law on the minimum benefits package for all citizens is still being drafted.

Also in Moscow oblast, the governor signed a decree on July 4, 1997 establishing, for the first time in Russia, population-based budgeting. This type of budget replaces the existing input-based approach, and it sets up strong incentives to use resources wisely.

IR 3.2.2 New Approaches to Service Delivery Adopted

USAID/Russia activities aimed at reducing unnecessary hospital care have resulted in significant savings. The Mission added a new indicator IR (3.2.2 Unnecessary Hospital Admissions Reduced for Selected Diagnoses in Kaluga and Moscow Oblast) this year to better encourage important work in this area. Kaluga and Dubna city are revising their clinical care paths to reduce inefficient referrals and excessive or inadequate medical care for a set of high-volume diagnoses (ischemic heart disease, hypertensive disease, pediatric respiratory illnesses, peptic ulcer, pelvic inflammatory disease). Investigations show that up to one-third of these hospital admissions could be treated on an outpatient basis and lengths of stay reduced by ten percent or more. Dubna estimates they can save \$60,000 in the first year by updated care paths.

More than 2.7 million couples are now covered by voluntary family planning services in the six demonstration sites supported by USAID/Russia. In all, forty clinics have received training in modern contraceptive techniques under various USAID/Russia activities. The 1997 target of 42 clinics was not reached due to the metering of population funds that delayed the opening of two clinics. Activities in FY 98 will focus on expanding training and service improvement activities to eight more oblasts. Voluntary family planning services in these sites will serve another 28,000 clients per month. Over 4,000 health care workers, including 3,000 physicians, have received training in modern contraceptive technology and counseling skills throughout Russia (IR 3.2.2.2). Another 600 physicians will be trained in 1998. The Mission did not carry out these results beyond 1998 because the program does not currently plan to continue further specific training of physicians beyond 1998. An assessment scheduled for summer 1998 will develop a strategy for work in 1999 and beyond. Current plans include a shift to more policy and advocacy work as well as a broadening of current programs to encompass additional MCH activities.

Sixty hospitals in Novgorod, Pskov and Ryazan have developed drug formularies to guide facility administrators and prescribing physicians on the most cost effective drug regimes for prevalent health problems. These formularies have resulted in safer, more cost-effective drug treatment practices. For example, in 1993, six of the 16 most purchased drugs in Ryazan oblast (13 percent of the drug budget for that period) held unproven clinical benefit; today all of the top drugs have established benefit. Six drug information centers now provide unbiased technical information on the content and uses of all drugs registered in Russia and work has begun to set up an All-Russia Drug Information Network with sites in Moscow, St. Petersburg, Tomsk, Yekaterinburg, and Vladivostok.

Hospital-acquired infections are a major problem in Russia, affecting the quality and effectiveness of health care. The hospital partnership's special initiative on infection control provided training for 350 hospital workers and epidemiologists in 1997, and their

efforts contributed to the establishment in November 1997 of the country's first training center on infection control. These efforts complement USAID/Russia's current and planned activities in health reform and prevention and control of infectious diseases and HIV/AIDS. The Mission added a new IR (3.2.2.2 Hospital-based Health Care Providers Use Modern Infection Control Practices) to better focus program attention on continued improvement in this area.

Six alternative models for providing social services in rural Vologda and Saratov communities demonstrated how to reduce costs and improve efficiency of providing housing, health care, schooling, and utilities (IR 3.2.2.1) in rural areas previously under the authority of state farms and collectives. Targets for reducing costs were met, in housing, utilities, heating, potable water and health. A pilot family doctor program in one site reduced health care costs by 20 percent. Restructuring in another site will save an estimated \$116,000 in housing costs. Another program with streamlined services, reallocated budgets, and recaptured resources saved \$37,000 in kindergarten management. Because the activity has been discontinued, the performance assessment table does not include targets for 1998 and beyond. However, the extensive training provided through the initiative enables the authorities to replicate models on their own (IR 1.3.3.2).

IR 3.2.3 New Approaches to Resource Allocation and Alternative Financing for Service Delivery Adopted

Activities in Kaluga, Moscow, and Novgorod are revising economic incentives to improve the cost-effectiveness of care. These efforts shift spending from inpatient to outpatient services. These three oblasts will now be tracked under IR 3.2.3 (percentage of total health care expenditures for primary care increases in pilot oblasts), replacing the previous pilot sites of the now completed ZdravReform activity. The baseline average of 30 percent in outpatient expenditures at the start of 1998 should increase to the appropriate target of 50 percent by the year 2000.

Kaluga oblast initiated a number of financial reforms in Maloyaroslavets rayon, which a World Bank loan will expand oblast-wide. Between 1994 and 1997, the rayon reduced the number of beds from 435 to 265, saving approximately \$500,000 per year. In 1997, treatment in outpatient facilities increased, saving an additional \$88,000 per year, and freeing rayon hospitals to handle cases that would have cost an additional \$50,000 per year in an oblast-level facility. Overall, the annual savings to the health system is approximately \$700,000 per year—one-fourth of the entire rayon health budget. The Dubna activity will eliminate 20 percent of all hospital beds; forty hospital beds have already been closed, with plans to close another sixty in early 1998. The activity provided in-depth training in finance and payment systems to more than 300 health professionals including oblast authorities, facility managers, and insurance specialists.

Note:

The program for housing allowances has “graduated” from USAID/Russia assistance. Housing allowance programs are now active in every region of Russia and USAID/Russia support is no longer necessary. However, USAID/Russia has begun tracking the average percentage of the population receiving housing allowances in 14 targeted cities, and

expects the percentage to more than double by the year 2000.

President Yeltsin's Housing Sector Reform Decree has forced cities to begin increasing tariffs. In order to support the low-income population hurt by the increased tariffs, the local governments in all fourteen pilot cities, with strong USAID support, created or increased their housing allowance programs. Ulyanovsk and Nalchik had no experience providing housing allowance assistance and ended the year with low participation rates—0.7 percent in Nalchik, and 0.9 percent in Ulyanovsk—though the rates were increasing rapidly at year's end as the programs matured. Samara has the largest percentage of households receiving housing allowances (28 percent), followed by St. Petersburg (20 percent), Petropavlovsk (19 percent), and Novocherkassk (13 percent). Overall, the housing allowances program is operating well.

SO 3.2 and Women's Issues

SO 3.2 addresses women's issues in a number of ways. One main area is reproductive health. Work has concentrated on creating and disseminating better information on contraception, the health risks of abortion, sexually transmitted diseases, and pre-natal care and breast-feeding. In USAID pilot areas, an estimated 2.7 million women now have access to family planning services. In these USAID demonstration areas, abortions rates are down.

Another area in which SO 3.2 focuses on women's issues is hospital partnerships. A strong counseling element has brought more information to more women, about reproductive health, adolescent health (including nutrition), cancer, and menopause. Counseling also covers the issue of violence against women.

In the future, USAID/Russia will be working aggressively with HIV/AIDS and tuberculosis prevention. While these diseases don't affect just women, there are specific women's issues in the public education. For instance, there is an assumption that only prostitutes are at risk of contracting AIDS. Public information can teach safe sex methods to all population groups. As for tuberculosis, while women do not make up the largest population of people affected by the disease (those in prisons), they do form a large part of another demographic group affected by TB: poor, urban dwellers.

SO 3.2 and the Gore Chernomyrdin Commission

The GCC Health Committee was formed in the early 1990s, when Russia asked the world community for help fighting a diphtheria epidemic. Now, the Committee looks at a wide range of health issues, from HIV/AIDS to policy changes. Many of the committee's focuses are already within USAID/Russia's project areas. GCC involvement helps to raise their visibility to the national level, implement policy changes, and ensure replication.

One important result was an agreement by the Russians to allow registration of FDA-approved pharmaceuticals without first putting them through Russian field trials. This means that drugs can move more quickly into the pharmaceutical system, and get to

the people who need them.

GCC has also given support for a national-level family planning campaign, which began in November of 1997. The Committee has helped to highlight HIV/AIDS prevention, especially among high-risk groups.

The Committee has also helped bring about decrees and policy changes to expand work in lead reduction and diabetes treatment, and to implement tests for TB and infant mortality that conform to international standards.

STRATEGIC OBJECTIVE 3.2: Improved Effectiveness of Selected Social Benefits and Services APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: Improved Effectiveness of Selected Social Benefits and Services			
INDICATOR: Unneeded hospital capacity reduced freeing up funds to improve outpatient care			
UNIT OF MEASURE: # of full day hospital beds per 10,000 people SOURCE: Project Officer INDICATOR DESCRIPTION: Number of hospital beds decreases COMMENTS: 1996 actual: 116.5 - estimated (not yet available from the Ministry of Health)	YEAR	PLANNED	ACTUAL
	1995		117.9
	1996	116.5	116.5
	1997	115.1	115.1
	1998	113.7	
	1999	112.3	
	2000	110.9	
INDICATOR: Hospital admissions decrease as outpatient & public health services improve			
UNIT OF MEASURE: percent SOURCE: Project Officer INDICATOR DESCRIPTION: Annual hospital admissions as a percent of the population COMMENTS: 1997 actual: 20.2 - estimated based on previous year decline	YEAR	PLANNED	ACTUAL
	1995		21.2
	1996	21	20.6
	1997	20.2	20.2
	1998	20	
	1999	19.8	
	2000	19.6	
INDICATOR: Abortion rate decreases in Yekaterinburg, Ivanovo, Tver, St. Petersburg, Vladivostok and Novosibirsk			
UNIT OF MEASURE: ratio of number of abortions/1000 women of reproductive age SOURCE: Project Officer INDICATOR DESCRIPTION: Average abortion rate in original 6 demonstration sites COMMENTS:	YEAR	PLANNED	ACTUAL
	1995		71.7
	1996	65.6	65.6
	1997	60	58
	1998	57	
	1999	54	
	2000	51	

INTERMEDIATE RESULT 3.2.1: Policies, Laws and Regulations are Submitted to the Russian Duma
APPROVED: 7/12/96 **COUNTRY/ORGANIZATION:** Russia/ USAID

RESULT NAME: Policies, Laws and Regulations are Submitted to the Russian Duma

INDICATOR: Health policy makers propose reforms (laws, regulations, decrees, etc.)

UNIT OF MEASURE: number of laws regulations decrees

SOURCE: Project Officer and contractor

INDICATOR DESCRIPTION: Reform areas could include the role of compulsory medical insurances, a law on private practice, regulation of pharmaceuticals, etc.

COMMENTS:

YEAR	PLANNED	ACTUAL
1995	0	0
1996	0	2
1997	5	3
1998	8	
1999	10	
2000	12	

INTERMEDIATE RESULT 3.2.2: New Approaches to Service Delivery Adopted APPROVED: 7/12/96 COUNTRY/ORGANIZATION: Russia/ USAID			
RESULT NAME: New Approaches to Service Delivery Adopted			
INDICATOR: Unnecessary hospital admissions reduced for selected diagnoses in Kaluga and Moscow Oblast			
UNIT OF MEASURE: ave. # of days per diagnosis SOURCE: Project Officer and contractor INDICATOR DESCRIPTION: Average percent reduction in hospital admissions for 5 diagnoses selected for new care paths in pilot sites COMMENTS: Activity began in 1997.	YEAR	PLANNED	ACTUAL
	1997 (Kaluga/Dubna)	19/18	19/18
	1998 (Kaluga/Dubna)	18/17	
	1999 (Kaluga/Dubna)	17/16	
	2000 (Kaluga/Dubna)	16/15.5	
INDICATOR: Family Planning clinics promoting modern methods of contraception are operational			
UNIT OF MEASURE: # of sites SOURCE: Project Officer and contractor INDICATOR DESCRIPTION: Family planning clinics offer consulting and choice of contraceptives COMMENTS: Baseline is 1994.	YEAR	PLANNED	ACTUAL
	1994		0
	1996	8	38
	1997	42	40
	1998	48	
	1999	future plans to be developed	
	2000	future plans to be developed	
INDICATOR: Drug formulary processes established in facilities in Ryazan and Novgorod oblasts			
UNIT OF MEASURE: number of facilities using formularies SOURCE: Project Officer INDICATOR DESCRIPTION: A formulary is a process for the cost-effective drug selection COMMENTS: Baseline is 1994. Project scheduled to end in 1999.	YEAR	PLANNED	ACTUAL
	1994	0	
	1996	40	60
	1997	70	60
	1998	70	
	1999		
	2000		

INTERMEDIATE RESULT 3.2.3: New Approaches to Resource Allocation and Alternative Financing of Service Delivery Adopted

APPROVED: 7/12/96 **COUNTRY/ORGANIZATION:** Russia/ USAID

RESULT NAME: New Approaches to Resource Allocation and Alternative Financing of Service Delivery Adopted

INDICATOR: The percentage of total health care expenditures for primary care increases in pilot oblasts (Kemerovo, Tomsk, Altai)

UNIT OF MEASURE: percent of total expenditures

SOURCE: Project Officer

INDICATOR DESCRIPTION: Average percent in health care expenditures for outpatient care in pilot areas

COMMENTS:

Baseline is 1994.

YEAR	PLANNED	ACTUAL
1994		10
1996	12	6
1997	30	30
1998	37	
1999	44	
2000	50	

SO 4 SPECIAL INITIATIVES AND CROSS CUTTING PROGRAMS

Performance Analysis

With the realignment of the Mission's results Framework this year, this Strategic Objective will provide a home for Eurasia, The U.S.-Russia Investment Fund (TUSRIF), PD&S, and the Mission's training program. Forestry, biodiversity, and other environmentally related programs which were in this Strategic Objective through 1997, are now found, and results reported, in SO 1.6 (Increased Environmental Management Capacity to Support Sustainable Economic Growth).

The U.S. Russia Investment Fund (TUSRIF) - In FY 1997, TUSRIF completed six new direct investments and second round financing for four existing portfolio companies, disbursing \$24.8 million. The rate of investment has accelerated since the middle of FY 1997, a period in which TUSRIF disbursed \$17.2 million. Between September 30, and December 31, 1997, TUSRIF disbursed \$8 million by completing four new investments and two follow-on financing projects. TUSRIF has developed a \$40 million investment pipeline which should lead to a higher level of disbursements in FY 1998.

TUSRIF's lending programs, targeted at small and medium sized enterprises, have been particularly successful recently. During FY 97 the Fund substantially increased its volume of loans to small businesses, making 85 loans for \$5.4 million, compared with 37 loans for \$2.9 million during the prior fiscal year. Two micro-enterprise lending programs received initial TUSRIF funding in FY 97.

TUSRIF is filling a significant gap in Russian financial markets. It has distinguished itself from most other foreign investors in Russia by making a long-term commitment to the success of individual Russian companies. TUSRIF typically makes direct investment in Russian companies, therefore allowing TUSRIF a seat on the boards of directors. The Fund's 29 percent equity share in Polygrafoformenie, a printing company privatized in 1994, is helping that company grow into one of Russia's premier producers of packaging materials for consumer goods. TUSRIF also holds a 15 percent share in Saint Springs Water Limited which is one of Russia's best known mineral waters.

The Eurasia Foundation - In 1997, The Eurasia Foundation made 72 grants in support of economic reform for a total of \$1,207,072. In the banking and business sectors, the Foundation awarded 75 grants to indigenous business development centers throughout the NIS and established two experimental, small business lending programs. Eurasia helped to expand the Junior Achievement programs' networks in the regions by providing small grants directly to 20 cities. The St. Petersburg International School of Management was launched with two small Eurasia grants, and received multi-million dollar support from private donors and a major contribution for land and facilities from the St. Petersburg government.

The Foundation made 79 grants in civil society programs during 1997, totaling \$8,075,010. The Foundation is a major actor in developing modern, public administration training programs and institutes throughout Russia. During the year, the Foundation continued to be one of the most important supporters of the NGO movement in Russia,

granting \$484,000 to 130 small NGOs. It also made 25 grants to local government in 1997, which led to improved local governments' responsiveness to citizens' needs. In several areas, the Foundation grants to local governments or NGOs has led to greater cooperation among non-profit, business and government sectors. The Foundation also made grants of \$3,132,425 to 36 media organizations in 1997. Through regional competitions the Foundation has provided training and a small but critical amount of computer equipment to improve the quality and sustainability of local media. More than 80 newspapers received small targeted grants.

Eurasia works with fledgling women's groups around the country, funding programs for getting gender issues on local and regional government agendas. In 1997, Eurasia made 12 such grants, totaling \$237,383.

Training for Development - Three hundred eighty seven Russian professionals participated in 28 short-term USAID training programs in the U.S. since January 1997. Thus, the total number of Russian professionals trained by USAID in the U.S. since 1993 (under both NET and TFD projects) equals to 4,900. Training covers all sectors of USAID assistance to Russia and is designed to complement work conducted under each Strategic Objective. For example, three Russian senior specialists from the State Statistical Committee (Goskomstat) completed a "Construction and Analysis of Price Indexes" program conducted by the Bureau of Labor Statistics. This course has created a much more receptive and creative attitude on the part of the Goskomstat Prices Department staff towards better price indexes. Fourteen environmental decision makers from different regions of Russia completed an "Environmental Management for Decision Makers" course in Washington D.C. and New York. USAID-funded training stimulated the Head of Khabarovsk Krai Environmental Committee to help develop a Biodiversity Protection Strategy for the Sikhote-Alin mountain area, the habitat of the Amur tiger and other rare species. The trained environmental officials and the Sakhalin Oblast Vice Governor developed a procedure for environmental impact assessment for oil and gas development in Sakhalin Island.

173 Russian specialists attended 11 in-country training courses in 1997 in such areas as statistical analysis, environmental management (implementation of 150 standards), small and medium enterprises, real estate fundamentals, and independent media.

As part of TFD's follow-up activities, eight regional documentation centers for returned participants have been created in Vladivostok, Yekaterinburg, Nizhnii Novgorod, Samara, Volgograd, Moscow, Novosibirsk and St. Petersburg. All textbooks and other learning materials produced during the life of the project are available for participants' use. Examples include "Financing Rural Social Programs," "Use of Land Resources," and "Basics of Market Economy."

A computer list serve for returned participants has been established. It will allow all participants who have Internet access or can use Public Access Sites to network with their colleagues in other regions of Russia.

A newsletter "RTD-Info" has been published. It contains addresses of documentation centers, information on how to access the list serve and advice on how to create an

Alumni Association. The newsletter has been distributed to all returned participants.

USAID continues to follow activities of returned trainees. For example, in 1997 one trainee from Samara attended the "NGO Resource Centers: Services and Management" training program provided by the California State University, Chico. When she returned to Samara she established an NGO Leaders Club according to the model of an NGO Network in Chico. Currently 30 NGO leaders from Samara are members of this Club. The Club members are lobbying the Samara regional legislative body.

Together with her colleagues from other Russian regions, the returned trainee founded an Association of NGO Resource Centers which has already supported a conference on Environmental Education in Eastern Russia, and provided a training program in Samara for 20 participants.

Finally, USAID is a member of the Embassy/Moscow Presidential Management Training Initiative (PMTI) Working Group, headed by USIS. USAID participates in formulating a USG response to the PMTI and can provide assistance through the TFD project, mainly for the in-country parts of the PMTI.

Project Development and Support

In addition to funding Round 7 of the Russia Longitudinal Monitoring Survey, PD&S funds were used to fund training of social workers and lawyers on violence against women's issues. Many of the trainees will become the first people to staff a new women's shelter in Nizhny Novgorod. Other PD&S funds provided support to project evaluations, and to support the Mission's new Financial Review and Audit section, which will help Russian NGOs make financial management improvements that all donors look for.

3. Partnership for Freedom (PFF)

PARTNERSHIP FOR FREEDOM AND THE REGIONAL INVESTMENT INITIATIVE

USAID/Russia funds for FY 1998 and beyond are appropriated under the rubric of the Administration's Partnership for Freedom (PFF). The PFF emphasizes trade and investment, community involvement and strengthening of U.S.-Russian ties through partnerships.

In early 1997, S/NIS/C instructed USAID to initiate an inter-agency effort to design and implement a "mini-PFF" - a quick-starting, short-term pilot program that could demonstrate the Partnership for Freedom (PFF) concept. The PFF concept supported the Clinton Administration's request to Congress for increased funding for the NIS. PFF presents a new conceptual approach for assistance to Russia based on partnership and cooperation, and focuses especially on trade and investment. The PFF also supports activities that generate economic growth and strengthen civil society.

PFF objectives are to mobilize capital, increase community involvement, and strengthen U.S.-Russian ties. The objective of the PFF pilot was to demonstrate how the PFF concept works by generating quick results.

Novgorod was chosen as the site for the pilot because of the Oblast administration's advanced strategy for regional economic and democratic development. USAID also had several successful existing activities that could form the foundation of a larger effort.

The pilot was designed to show visible results in 18 months; build on existing Novgorod activities and relationships; be responsive to the needs of the U.S. business community; promote community involvement in economic growth; and enhance U.S.-Russian partnerships and linkages.

Seven million dollars was made available by S/NIS/C to fund activities under this pilot. USAID obligated its allocation of \$5.4 million and USIS obligated its allocation of \$1.6 million. An additional \$3 million in existing funds have been reprogrammed for USAID core programs to support the Novgorod initiative.

Regional Investment Initiative (RII)

At the same time as the Partnership for Freedom was being developed, Vice President Gore and Prime Minister Chernomyrdin announced a new initiative in February 1997. This was called the Regional Investment Initiative.

Because the Regional Investment Initiative featured the same objectives as the Partnership for Freedom, and because funds were made available from the PFF, Novgorod was designated as an RII site. Two other sites for Regional Investment Initiative were subsequently selected. They are Samara and the Russian Far East. The State Department has hired Regional Investment Initiative Coordinators for each of the three RII sites.

Mini-PFF/RII activities got underway in Novgorod in late summer of 1997 and the final framework for RFE was negotiated and finalized in January 1998.

USAID implements the following programs in the Novgorod RII:

- **Land and Housing Reform (SO 1.3.2):**
For two years before the beginning of the RII-Novgorod, USAID piloted housing programs and put in place local mechanisms and policies necessary to establish clear title to land and a commercial real estate market. Under RII, USAID will build on work already completed, concentrating on the development of land registration and policies on zoning and environmental liability at the oblast level.
- **Loan Portfolio Guarantee (SO 1.4):**
Funds were provided in order to provide training for loan officers of banks in Novgorod on how to better manage risk and administer more loans to small businesses.
- **Small Business Finance (SO 1.4) and Investment (SO 1.3.1):**
The Novgorod RII has created an innovative partnership between technical assistance and investment projects by teaming up the Citizens Democracy Corps (CDC) and the Small Enterprise Investment Fund (SEAF) (SO 1.4). Carana Corporation conducted research and drafted recommendations for an investment promotion program for the region and city of Novgorod (SO 1.3.1). Based on their recommendations, the regional government has established an Investment Promotion Agency, which they are funding out of their own budget.
- **Small and Micro-Credit (SO 1.4):**
RII has greatly expanded the possibilities for small businesses to obtain credit at reasonable rates in Novgorod. Opportunity International, working through a local counterpart, has issued thirty micro loans through their cooperative lending program. They plan to begin individual lending in April 1998. These loans go primarily to women-owned businesses. USAID will launch a loan portfolio guarantee program which will guarantee hundreds of small loans through two banks (SBS-Agro, a large national bank with branches in Novgorod and the RFE, and Novobank, a Novgorod regional bank). TUSRIF and EBRD will continue to provide credit through partner banks in Novgorod as well.
- **Community Involvement (SO 2.1):**
The Eurasia Foundation awarded 27 grants to NGOs, small businesses, and community organizations in Novgorod for various community-based programs. One of the grants established an NGO Resource Center to provide support to NGOs throughout the region. The center is working in close collaboration with the Novgorod Oblast Administration to develop training programs and legislation which will enable the administration to contract social services to NGOs.

- **Partnerships (SO 2.1):**

USAID awarded a contract to International City and County Managers Association (ICMA) to develop a partnership between Novgorod and Hartford, Connecticut. The two cities have designed a program to improve financial management and budgetary procedures for the city of Novgorod. USAID is also funding seven additional partnerships in Novgorod through IREX. These partnerships are in housing reform, family medicine, disability awareness, women entrepreneurship, geographic information, organizational development for the local chamber of commerce, and small business development in economically depressed areas.

In the Far East RII, USAID will develop a loan portfolio guarantee program (SO 1.4); develop land and real estate policies and regulatory frameworks (SO 1.3.2); provide investment advice and training (SO 1.3); provide small grants to business associations (SO 1.3 and 2.1); develop a leasing training program (SO 1.4); provide pro bono business training to small business (SO 1.3.4); and provide small grants to small businesses and NGOs (SO 1.6 and 2.1).

The framework for the Samara Regional Investment Initiative is now set. USAID will support a new business technology incubator (SO 1.3); drafting of new laws and policies regarding investment (SO 1.3.1); international accounting standards reform (SO 1.4); environmental health/risk assessments (SO 1.6); small and micro business credit (SO 1.3); loan portfolio guarantee (SO 1.4); and the development of university partnerships (SO 2.1).

4. Environmental Compliance

There are no issues related to the implementation of Initial Environmental Examinations or Environmental Assessments.

New activities planned by USAID over the next three fiscal years do not require EAs and those requiring IIEs will be identified as necessary over the three-year period.

PART III STATUS OF MANAGEMENT CONTRACT

1. Strategic Objectives

Environment

SO 1.6 Increased Environmental Management Capacity to Support Sustainable Economic Growth

In FY 1998, USAID/Russia decided to move its environmental portfolio from the existing SO 3.3 (Increased Capacity to Deal with Environmental Pollution as a Threat to Public Health) to the newly created SO 1.6 (Increased Environmental Management Capacity to Support Sustainable Economic Growth). This new SO is designed to increase public and private capacity to address critical environmental constraints to sustainable economic development and growth. Activities under the SO address the full range of environmental issues, both “brown” (concerning the urban and industrial environment) and “green” (focused on natural resources, biodiversity, and forestry), including curbing air and water pollution, and reducing greenhouse gas emissions. As the Mission's portfolio responds to new challenges in the environmental field, these activities are becoming critical elements of the Mission's environment program in Russia, especially those activities that reduce the threat of global climate change. In addition, this SO allows the Mission to integrate environmental policy initiatives and reforms more fully into the broader economic reform and restructuring activities to ensure that Russia's economic transition process takes full account of long-term environmental costs and benefits in a market environment.

There are no other changes in the Strategic Objectives.

2. Intermediate Results

Financial Sector

IR 1.4.1 Legislation on Investor/Depositor Protection, Securities Market Transactions and Sound Lending Practices Achieved

IR 1.4.1 “Legal and regulatory framework for the financial Sector established and strengthened” was terminated and the new indicator “Legislation on Investor/Depositor Protection, Securities Market Transactions and Sound Lending Practices Achieved” was added.

Energy

IR 1.5.2 Increased local and foreign capital investment in the Energy Sector

High level indicator IR 1.5.2 has been dropped in its entirety. The transition process for electric power restructuring will take longer than USAID/Russia will be involved in this sector. As a result of declining budget levels, resources will no longer be devoted to this activity. Though an improved climate for investment is the aim of this Strategic Objective, the resultant investments will not occur for some time, well beyond the time

USAID/Russia completes its involvement.

Entire high level IR 1.5.3 “Improved energy efficiency and demand side management programs developed and replicated in sectors” has been numbered as IR 1.5.2 instead of the deleted one.

Rule of Law

IR 2.2.1 Legislation more Supportive of Market and Democratic Processes

The World Bank has taken up much of the work in the commercial law development area and USAID has for all practical purposes ended its efforts in the legislative drafting area with the exception of tax and work under the Regional Investment Initiative, having successfully laid the groundwork for continuation of these efforts by other donors. The International Foundation for Electoral Systems (IFES) continues to provide advice on electoral law changes and a growing number of previously USAID-supported NGOs regularly engage the State Duma on social and NGO laws. USAID will withdraw this high level IR from the Results Framework.

Lower level indicators in SO 2.2, under IR 2.2.1 (List of Draft Laws Adopted by Federal Duma) and IR 2.2.1.1 (Laws Consistent with Market Principles Drafted and Given to Legislatures for Adoption) (see HIID GAO report) have been removed from the Results Framework.

Work with the Congressional Research Service was discontinued, so the indicator (Utilization of Parliamentary Library) under IR 2.2.1.1 is no longer valid.

IR 2.2.1 Better administration, application and enforcement of law

The high level IR 2.2.2 (Better Administration, Application and Enforcement of Law) has replaced the previous IR 2.2.1.

The new wording of this IR captures the essence of USAID-funded activities in this area better than previous wording.

IR 2.2.2 Higher Standards and Competence in the Legal Profession

High level IR 2.2.3 (Higher Standards and Competence in the Legal Profession) has been numbered IR 2.2.2, rounding out the high level Intermediate Results for this SO.

A new indicator under IR 2.2.2.1 has been added: Students at Russian Law Schools Take Clinical Legal Educational Courses. A new indicator under IR 2.2.2.3 has been added: Number of People Aware of their Rights and Basic Human Rights Issues.

Health

As a result of steps by the national government, USAID/Russia considers two SO 3.2 indicators achieved and has removed them from the performance assessment table: IR

3.2.1 (Health Policy Makers Attitudes Change in Support of Health Reforms) and IR 3.2.1.2 (White Paper in Health Sector Reform Endorsed by Health Care Policy Makers).

The Mission also removed IR 3.2.1 (Percent of Eligible People Housing Allowances in Vladimir and Grodets) from the Performance Assessment table for this report. The program for housing allowances has “graduated” from USAID/Russia assistance. Housing allowance programs are now active in every region of Russia and USAID/Russia support is no longer necessary. However, USAID/Russia has begun tracking the average percentage of the population receiving housing allowances in 14 targeted cities, and expects the percentage to more than double by the year 2000.

Over 4,000 health care workers, including 3,000 physicians, have received training in modern contraceptive technology and counseling skills throughout Russia (IR 3.2.2.2). Another 600 physicians will be trained in 1998. The Mission did not carry out these results beyond 1998 because the program does not currently plan to continue further specific training of physicians beyond 1998. An assessment scheduled for summer, 1998 will develop a strategy for work in 1999 and beyond. Current plans include a shift to more policy and advocacy work as well as a broadening of current programs to encompass additional MCH activities.

Activities in Kaluga, Moscow, and Novgorod are revising economic incentives to improve the cost-effectiveness of care. These efforts shift spending from inpatient to outpatient services. These three oblasts will now be tracked under IR 3.2.3 (The Percentage of Total Health Care Expenditures for Primary Care Increases in Pilot Oblasts), replacing the previous pilot sites of the now completed ZdravReform activity. The baseline average of 30 percent in outpatient expenditures at the start of 1998 should increase to the appropriate target of 50 percent by the year 2000.

PART IV

1. Summary Strategic Objective Ranking

SO 2.1 Increased, Better Informed Citizens' Participation in Political and Economic Decision-making

Performance: (50)	40
U.S. National Interest in Home Country: (10)	8
U.S. National Interests: (10)	7
Country Need: (15)	8
Quality of Partnership with Host Country: (15)	10
Total:	73

SO 1.3: Accelerated Growth of Private Enterprise

Performance: (50)	40
U.S. National Interest in Home Country: (10)	9
U.S. National Interests: (10)	6
Country Need: (15)	7
Quality of Partnership with Host Country: (15)	10
Total:	72

SO 1.4 A Robust and Market-Supportive Financial Sector

Performance: (50)	40
U.S. National Interest in Home Country: (10)	9
U.S. National Interests: (10)	8
Country Need: (15)	6
Quality of Partnership with Host Country: (15)	8
Total:	71

SO 3.2 Improved Effectiveness of Selected Social Benefits and Services

Performance: (50)	40
U.S. National Interest in Home Country: (10)	2
U.S. National Interests: (10)	4
Country Need: (15)	8
Quality of Partnership with Host Country: (15)	8
Total:	62

SO 1.6	Increased Environmental Management Capacity to Support Sustainable Economic Growth		
	Performance: (50)		36
	U.S. National Interest in Home Country: (10)		4
	U.S. National Interests: (10)	6	
	Country Need: (15)		8
	Quality of Partnership with Host Country: (15)		8
		Total:	62
SO 1.5	A More Economically and Environmentally Sound Energy System		
	Performance: (50)		30
	U.S. National Interest in Home Country: (10)		9
	U.S. National Interests: (10)	6	
	Country Need: (15)		8
	Quality of Partnership with Host Country: (15)		8
		Total:	61
SO 2.2	Legal Systems the Better Support Democratic Processes and Market Reform		
	Performance: (50)		26
	U.S. National Interest in Home Country: (10)		9
	U.S. National Interests: (10)	6	
	Country Need: (15)		10
	Quality of Partnership with Host Country: (15)		8
		Total:	59
SO 1.2	Tax System Reformed to Correspond to a Decentralized Market Economy		
	Performance: (50)		15
	U.S. National Interest in Home Country: (10)		9
	U.S. National Interests: (10)	8	
	Country Need: (15)		15
	Quality of Partnership with Host Country: (15)		8
		Total:	53

2. Resource Request

SO 1.2 TAX SYSTEM REFORMED TO CORRESPOND TO DECENTRALIZED MARKET ECONOMY

RESOURCE REQUEST

When USAID/Russia focused its tax program under one contractor in 1997, it selected Georgia State University (GSU) to implement it and coordinate the work of the other USAID- funded tax contractor, Barents. A steering committee consisting of high level State Tax Service, Ministry of Finance, and USG representatives was appointed. It will

meet periodically to assess the progress of the project in the five major areas in which it will work.

USAID funding will be concentrated in the following areas over the next three years:

- **Tax policy** - The team (which consists of GSU, Barents Group and U.S. Treasury) will assist the Ministry of Finance (MoF) and State Duma on preparation and adoption of the new tax code (the draft of which is to be selected by the end of March). The Tax Code is scheduled to be considered in the Duma by the end of June 1998. USG advisors will then be working on rules and procedures for the new tax code (IR 1.2.1).
- **Tax administration** - USG advisors (GSU and Barents Group, and maybe U.S. Treasury in the second half of the year) will work with the State Tax Service on introduction of more effective tax audit procedures. Efforts will also be concentrated on the assistance to the Large Taxpayer Unit, which was established at the end of last year (IR 1.2.1).
- **Economic analysis** - Three models for revenue estimations will be delivered to the MoF. USAID and U.S. Treasury will assist MoF and the State Duma with the economic impact analysis of the tax code. The STS Statistics and Information Department will be the major counterpart for revenue analysis work (IR 1.2.2).
- **Intergovernmental relations** - In this area the team (GSU and Barents Group) will work in two pilot regions on improvement of fiscal relations at the regional level (IR 1.2.3).
- **Property tax** - The work in two pilot cities, Tver and Novgorod, will be finished this year and the tax bills will be sent out. The project (GSU) will start working in three more cities: Pskov, Bor, and Irkutsk (IR 1.2.1).

	FY 1998	FY 1999	FY 2000
SO 1.2 Request	\$6,500,000	\$6,000,000	6,000,000

SO 1.3 ACCELERATING DEVELOPMENT AND GROWTH OF PRIVATE ENTERPRISES

RESOURCE REQUEST

USAID efforts in FY 1998 - FY 2000 will focus on the following areas:

1. Real Estate Reform - With the maturation of initial reform efforts in Russia's urban land sector, more cities are requesting comprehensive programs that cover all aspects of a market-oriented real estate sector as part of their general economic development plans. Support will be targeted to the Institute for Urban Economics (IUE) to insure its capability to respond to rapidly increasing requests for assistance from Russia's cities and regions. Central to this assistance in the next two years will be helping local administrations implement Russia's new real estate registration law. IUE will also continue to provide key input to policy development processes at federal and local levels (IR 1.3.2).

During FY 1998, USAID/Russia will also begin a university partnership to support institutionalization of training for administrators and professionals in market-based real estate practices. Support is planned for FY 1999 and FY2000 to ensure that the educational programs are fully developed and that the partnership becomes fully sustainable (IR 1.3.4).

2. Housing Sector Reform - 1997 was a watershed year as transformation of the housing sector was declared one of Russia's top economic priorities. With the GOR's target of full cost-recovery in the sector by 2003, demands for assistance have grown rapidly as local administrations can no longer delay implementing reforms in their management of housing and communal services - still the single greatest drain on local budgets. Assistance will focus on continued local reforms with an emphasis on communal services. In addition to core HSRP activities, IUE will continue technical assistance to the Agency for Mortgage Lending as it increases operations. Technical assistance will also be provided to assist local administrations in the development of district heating and other infrastructure loans for potential financing under the new Development Credit Authority, and pending Environmental Bond Fund (IR 1.3.3).

3. Business Development Support/Management Training - In FY 1998, 1999 and 2000, USAID's business development support will complement SO 1.4 aims and center on four primary areas: 1) continued support for legal and regulatory reform; 2) client-focused assistance for enterprises and business activity through supporting Russian organizations; 3) strengthening business support networks and targeted business training for managers and entrepreneurs, and 4) continued equity and debt financing by The U.S. Russia Investment Fund (TUSRIF), EBRD regional venture funds, the Loan Portfolio Guaranty program, and small lending and micro credit programs.

A follow-on activity for the development of a sustainable network of business support organizations is planned, through the more focused delivery of volunteer consultant expertise. Support will continue for the Business Collaboration Center (BCC) activity, and for the University of Alaska Anchorage's business training centers in the Russian Far East.

At the end of 2000, when funding for this strategic objective is planned for phase-out, USAID expects to see: 1) transparency and enforceability in the range of laws and regulations governing economic activity; 2) over 100 commercially-viable or otherwise self sufficient business support institutions continuing to serve the needs and advocate on behalf of Russian firms and entrepreneurs; and 3) increased foreign and domestic trade and investment in the Russian economy.

Business Consultant Expertise Programs - Last year, USAID awarded agreements to three U.S. business consulting organizations - the International Executive Service Corps (IESC), Citizens' Democracy Corps (CDC), and the Agricultural Cooperative Development Institute/Volunteers in Overseas Cooperative Assistance (ACDI/VOCA) - to provide over 1,000 consulting assignments to Russian small and medium enterprises throughout the Federation. The business experts will provide sector-specific, hands-on consultations and on-the-job training to Russian firms which request assistance in marketing, business planning, financial management, accounting, and accessing finance and investment. The organizations will work with Russian business support institutions and will conduct training in response to Russian client needs (IR 1.3.3 and IR 1.3.4).

American Russian Centers - University of Alaska Anchorage - USAID signed an agreement with the University of Alaska Anchorage to support the continuation of successful business management training programs in the Russian Far East, at four principal sites - Khabarovsk, Yuzhno-Sakhalinsk, Magadan, and Yakutsk - as well as to conduct advanced management training in Alaska for Russian entrepreneurs. Business planning and marketing form the core of the basic business course, lasting 4-6 weeks in duration. About 2,500 Russians are scheduled to be trained in 1998; about 2,300 will receive small business owners/managers training in RFE; and about 200 will receive advanced training in Anchorage (IR 1.3.3 and IR 1.3.4).

Center for Business Skills Development (CBSD) - Located in Moscow, CBSD trains Russian managers and personnel of multinational companies in the entire range of Western business practices from human resources to financial management. The courses are 1 to 6 weeks in duration. The program is partially self-financing through training contracts with companies (e.g. contract with Coca-Cola bottling operations), and has been touted as one of the leaders in western business training in the Russian Federation. In order for this program to continue providing high level, customized training for managers in response to the President's Management Training Initiative, in support of SO 1.3, and for expansion under the Regional Investment Initiative, additional resources are required. CBSD expects to train 2,500 Russian managers in 1998 (IR 1.3.3 and IR 1.3.4).

Business Network Strengthening - Information and Support - The Business Collaboration Center (BCC) serves as a coordinating hub and information resource center for over 200 Russian Business Support institutions. It is helping to strengthen ties within this network and the broader business and technical assistance community that supports Russia's emerging private sector. The BCC has moved the majority of its activities from Moscow to the regions. Shoring up and further supporting this effort is fundamental to the continued success of the portfolio, and is a cornerstone of the leave-behind, or "legacy" strategy for the USAID SME program. This effort will focus particularly on the exchange of information cross-regionally, as well as internationally, to foster non-

traditional inter-regional business relationships in close coordination with the RII programs. In 1998, the customer service focus of the regional BCC sites will be improved, and the expansion of business information services (databases, on-line services, directories, etc.) will provide the U.S. and Russia business communities with information and identification of suppliers, buyers and partners in support of market institution development (IR 1.3.3 and IR 1.3.4).

Business Network Strengthening - Leaving a Legacy - To better gauge the impact of USAID's Business Development program, evaluate the qualitative differences among BSI members, and strengthen those BSIs that are in the best position to provide long-term expertise to entrepreneurs after USG funding is completed, USAID has launched a program that will: (1) provide an in-depth analysis of the 200+ members of the BSI network; (2) identify those that are most effective and most closely support the objectives of USAID's development agenda; and (3) provide targeted technical assistance to those selected in order to increase their viability and strengthen their institutional capacity. Additional resources are requested to complete this activity. It is anticipated that approximately thirty Business Support Institutions will be strengthened and will represent a core group of sustainable, focused and demand driven organizations, whose services will be available to Russian entrepreneurs long after USAID has departed from the Federation (IR 1.3.3 and IR 1.3.4).

Funds may be requested in FY 1999 to (incrementally) fund a grant to ACDI/VOCA to help establish a network of rural cooperative credit associations, which will be capitalized using reprogrammed funds from the US-Russia Joint Commission. The objectives of this activity are: 1) to create a financially viable, market-based credit mechanism for private and restructured farms; 2) to provide an alternative to state supported credit that is not dependent on subsidized federal or regional funds for its existence; and 3) to promote policies conducive to the formation and operation of credit associations and investments in agriculture. The total cost of the two year ACDI/VOCA activity is estimated at \$1.2 million. Initial funding, of approximately \$500,000, will be provided in FY 1998 from the uncommitted balance of Project 0006 (MOFSA). FY 1999 funds would be made available subject to the results of a mid-term assessment of the viability of the cooperative credit association concept. The rural cooperative credit association activity will be implemented in four regions, at least two of which will be regions where GCC-PRARI agribusiness investment promotion efforts are underway. The availability of market-based credit for farms to purchase agricultural inputs, and to finance their production costs, is an important factor in U.S. agribusinesses' decisions to invest in Russian Agriculture (IR 1.3.4).

	FY1998	FY 1999	FY2000
SO 1.3 Resource Request	\$19,450,000	\$16,050,000	\$14,925,000

SO 1.4 A ROBUST AND MARKET-SUPPORTIVE PRIVATE FINANCIAL SECTOR

RESOURCE REQUEST

Over the next three years, USAID funding will focus on:

1. Banking/Sound/Lending Practices - The Central Bank of Russia (CBR) supervision program was originally designed to help the CBR develop a staff of well-trained bank examiners. Its mandate has since been broadened to include providing advice to all departments responsible for bank supervision, especially the Operations Department (OPERU-2, which oversees the 14 largest banks in Russia), and the Rehabilitation Department. The activity focuses on conducting on-site bank examinations and helping off-site banks with issues of rehabilitation, problem asset management and/or liquidation.

The activities to be undertaken through 2000 will allow a continuation of the program as requested by the CBR with the new emphasis on the OPERU-2 Division and the advancement of a policy dialogue at the senior CBR level on a bank-wide supervision program. A USAID/AED seminar focusing on the key concerns of OPERU-2 and the Rehabilitation Department is planned for March in Washington, DC. The continuation of the CBR bank supervision program will focus of regional aspects of bank supervision (IR 1.4.1).

2. Regulatory Bodies - The strengthening of 15 Regional Offices (RO) of the Russian Federal Commission on Securities Markets will be continued in two ways: development of professional skills of RO personnel and development of specifications and procurement of office equipment required for the operation of ROs.

Developing a telecommunication system for the FCSM opens new opportunities for the institution, but at the same time requires more sophisticated users. This means significant additional training will be needed for regional computer administrators. Certain applications (shared address books, automated replication of data bases, etc.) will also need to be set up, so that the FCSM can get maximum use from the system. All RO employees should be trained in how to use the system.

The experience of 1997 showed that the difference between large and small ROs is much more pronounced than was expected. Bigger offices proved to be insufficiently equipped for the volume of operations they have to handle. Resources are requested to cover equipment (IR 1.4.1.2).

An institute of regional inspectors was created so that every entity of the Russian Federation would have permanent representation. Regional inspectors will gather information for surveillance and enforcement and act as liaisons among local market participants, issuers, and ROs.

The effort made in 1997 in the area of registration and licensing processes revealed the need for standardization of rules and regulations for countrywide implementation of the trading system. These efforts will require streamlining of share issues registration,

broker/dealer licensing, certification of specialists; development of processes for monitoring, surveillance and enforcement; and development of an adequate management reporting system and evaluation criteria. Moreover, these processes need to be integrated (IR 1.4.1.3).

3. Commercial Bank Training - USAID's current, second phase brings together organizations that deal with bank training and professional banker education. Beginning in 1998, degree programs will be offered on a correspondence basis throughout Siberia and the Russian Far East, by the Siberian Bank Training Center (SBTC) and the Far East Bank Training Center (FEBTC). Full academic support for course study and exam preparation will be provided locally to correspondence participants. SBTC and FEBTC will continue teaching degree programs using computers and the Internet so that they can cover the vast areas of Siberia and the Russian Far East. Furthermore, as a professional association of Russian bankers, the Russian-American Institute of Banking (RAIB) will continue to give seminars on current banking issues and distribute the results and conclusions of the seminars to its membership.

As the second phase of the program is realized, the organizations will seek direct investment for long-term funding from Russian and international private market sources. Among the partners who may join the activity are other bank training centers from other NIS countries and new banks, both Russian and international. Resources are requested to cover these activities (IR 1.4.2.1).

4. Basic Financial Infrastructure - Financial Services Volunteers Corp (FSVC) will continue to focus on development in the following areas:

- government securities market development (providing joint training and technical assistance to the Government Securities Department and the Federal Commission on Securities and the Capital Markets, seminars on same-day settlements, repurchase agreements into the government securities markets, etc.);
- capital markets development (providing technical support for the management and operation of stock exchanges and self regulatory initiatives);
- municipal finance;
- payments system development (improving the CBR's understanding of risk management, including counterpart analysis, dispute resolution and same-day settlement; adopting U.S. practices in response to the introduction of new forms of payment instruments in Russia);
- financial sector legislation (providing expert commentary on legislative and regulatory topics as requested by the Legal Department of the CBR);
- commercial bank operations, management and product development.

5. NGO-run Micro Financing Programs - In 1998, a new pilot micro finance program will be initiated in the Samara Region. The objective will be to develop a comprehensive

micro finance model for a non-bank micro finance institution with appropriate involvement of the regional administration and bank regulators. This model will be intended for further replication in other regions in Russia with support of government and bank regulators. This program will need financing in 1998-2000 (IR 1.4.3).

6. Access to Finance for Microenterprises - Experience in economies as varied as East Asia, Latin America, and Africa, shows that the gaps in production and distribution created by the conversion of a State-controlled system can be most easily filled by the growth of microenterprises. By creating the conditions for economic growth at the grassroots level, microenterprise development enhances the income of the self-employed, provides needed services to local consumers, and generates new jobs for workers. The experience and early success of USAID-funded small pilot microenterprise finance programs indicate that this type of U.S. economic assistance can do all of this in the Russian context. However bank credit for aspiring entrepreneurs and new community businesses is almost non-existent, and overall access to finance for microenterprises remains severely limited.

USAID proposes to build on worldwide expertise and Russian experience in supporting a model cooperative lending program in areas of geographic focus for USG assistance (RII sites) which will help serve the credit needs of microenterprises. The program will contain a strong policy aspect which will push for widespread application of the model beyond the pilot region. The cooperative lending program will be established with U.S. technical assistance and managed by a Russian NGO, with the requirement that proposed programs reach operational self-sufficiency within 3 years.

	FY1998	FY1999	FY2000
SO 1.4 Resource Request	\$4,050,000	\$3,100,000	\$2,675,000

**SO 1.5 A MORE ECONOMICALLY AND ENVIRONMENTALLY SOUND
ENERGY SYSTEM**

RESOURCE REQUEST

Work in FY 1999 will continue implementation of the competitive wholesale market that will provide for more energy to be provided on economic terms, reduce utilization of less efficient power plants and decrease emissions, all promoting an increased percentage of energy provided on a least cost basis. The second focus will be on a bottom-up approach to reform, with roll-out of the commercialization of the regional utilities. The target regions for this work will be those under the Regional Investment Initiative. Like the commercialization work, the Program on Natural Monopolies will promote the development of the RECs in the RII regions.

	FY1998	FY1999	FY2000
SO 1.5 Resource Request	\$1,150,000	\$1,200,000	\$1,100,000

**SO 1.6 INCREASED ENVIRONMENTAL MANAGEMENT CAPACITY TO
SUPPORT SUSTAINABLE ECONOMIC GROWTH**

RESOURCE REQUEST

USAID's environmental program is at a turning point. It is now placing heavier emphasis on strengthening Russian partnerships throughout the Russian Federation to help Russians share practical lessons gathered from groundbreaking work in pollution prevention, risk assessment, land-use planning, reforestation and other successful activities. USAID assistance links Russian organizations experienced in tackling environmental problems with new partners in other communities by supporting low-cost, high-impact activities and the sharing of proven technologies, approaches, and policies. Environmental partnership activities are now active in over half the Russian Federation—46 of the country's 89 oblasts, krais, and republics.

USAID will continue to build upon these successful partnerships and will also provide assistance to support joint U.S.-Russian efforts to combat the effects of global climate change. This will include continued support for reforestation and forest fire management, energy restructuring programs, and support for the development of an emissions trading regime between the U.S. and Russia.

FY 1999-2000 resources are requested to build upon successful demonstration projects underway throughout the Russian Federation. This will be accomplished through an extensive dissemination and replication effort which links Russian organizations experienced in tackling environmental problems with new partners in other communities. Additional resources are requested to implement new activities in the field of global climate change, in response to President Clinton's Global Climate Change Initiative.

Funds will support replication and dissemination activities in the following areas:

1. Environmental health risk assessment, pollution prevention and control, environmental management standards, public awareness, environmental education, and legal and regulatory reform (IR 1.6.1).
2. Biodiversity conservation, environmental education and awareness, land-use planning, eco-tourism, reforestation, forest policy reform, forest fire prevention and management, and support for environmentally friendly businesses in the area of non-timber forest products and value-added timber production. Activities in this area also support USAID's commitment to President Clinton's Global Climate Change Initiative (IR 1.6.2).

Resources are requested to improve and/or develop economic instruments to manage natural resources and environmental protection on a market-oriented basis. This includes continued support for replication activities and additional new resources to assist Russia to develop a priority-setting system for a bilateral U.S.-Russia emissions trading regime as outlined in the Kyoto Protocol.

	FY1998	FY1999	FY2000
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SO 1.6 Resource Request	\$5,300,000	\$5,250,000	\$3,700,000
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**SO 2.1 INCREASED, BETTER INFORMED CITIZENS PARTICIPATION IN
POLITICAL AND ECONOMIC DECISION MAKING**

RESOURCE REQUEST

The SO 2.1 budget for 1998-2000 includes a more focused program in support of political process, civil society, independent media, and U.S.-Russian partnerships. The FY 1999 resource request includes new approaches: focus on Russian organizations; decreasing management units; focus on U.S.-Russian partnerships; and increased cost-effectiveness of the assistance instruments through lower levels of U.S. technical assistance and more cost sharing. Efforts in FY 1998-2000 will focus on the following areas:

- 1. Political Process** - USAID will continue to support the important work of both the National Democratic Institute (NDI) and the International Republican Institute (IRI) to continue developing local and regional democratic political party organizations. IFES will continue providing expert advice to the Central Election Commission, State Duma, and government on electoral law changes leading up to the 1999 and 2000 national elections. IFES will also set up a Russian NGO to continue these types of objectives into the next century (IR 2.1.1).
- 2. Independent Media** - In the media sector, the large Media Development Program will end in FY 1998, and our FY 1999 and FY 2000 program will focus on just two Russian media sector support organizations, the National Press Institute and Internews/Russia. Working closely with U.S. partners, these two organizations will focus on supporting the financial viability of media outlets and expanding their outreach to other regions (IR 2.1.2).
- 3. Civil Society** - USAID's support for civil society will be targeted in three programs. First, the NGO Sector Support program will focus on NGO sustainability and expansion of NGO sector services. Second, in 1999 USAID will fund the second year of a key NGO strengthening program in the Russian Far East by ISAR. And third, the Council on International Labor Solidarity (formerly FTUI) will broaden its training and legal support programs for free trade unions (IR 2.1.3).

Finally, USAID will continue funding for the Sustaining Partnerships into the Next Century (SPAN) partnership program in FY 1999 and 2000. We expect to continue support for 15-20 U.S.-Russian partnerships to expand and deepen their relationships, leading the partnerships to become more sustainable and mutually beneficial (IR 2.1.3).

	FY 1998	FY 1999	FY 2000
SO 2.1 Resource Request	\$10,800,000	\$11,500,000	\$13,000,000

SO 2.2 LEGAL SYSTEMS THAT BETTER SUPPORT DEMOCRATIC PROCESSES AND MARKET REFORMS

RESOURCE REQUEST

USAID supports fewer activities at lower budget levels, but with a clear focus on judicial partnerships and on commercial law.

1. Legal Administration and Application - The new National Judicial College/Chemonics contract will be fully funded in FY 1999 to continue support for the new independent judicial department of the Supreme Court and support to the Russian commercial court to train all of their judges on an on-going basis on Russian commercial laws. This program will also encourage partnership programs between the U.S. federal judiciary and the Russian judiciary.

USAID requests \$1,000,000 for anti-corruption programs in Russia. FY 1999 will be the second year of targeted anti-corruption programs focused on judicial ethics, financial accountability, transparency and enforcement of judgments. USAID expects to continue this effort with key Russian government and NGO officials in FY 1999 and FY 2000 (IR 2.2.2).

2. Legal Standards and Competence - USAID will continue support for commercial law training for advocates and lawyers across Russia, along with support for legal education reforms, continued legal education and women's legal issues (IR 2.2.3).

3. Human Rights Organizations - In FY 1999, USAID will finalize support for institutional development of the Sakharov Human Rights Museum and Center, an internationally-known human rights center in Moscow.

At the end of 1997, USAID/Russia began to analyze ways to help combat corruption, especially in the Russian legal system. The two areas that seem most open to assistance activities are judicial ethics and enforcement of civil judgments. Enforcement is especially topical now: two new laws were signed by President Yeltsin in 1997 on the enforcement of judgments—one on enforcement procedures and one that created a new Marshals Service within the Ministry of Justice that is responsible both for court security during working hours and for enforcement of civil judgments.

A new law giving the judicial branch responsibility for administering the courts of general jurisdiction is potentially very significant. The law calls for the creation of a Judicial Department and reflects the adoption of an American model of judicial administration. USAID has a unique opportunity to share expertise on U.S. court administration. In addition, the commercial court system continues to expand its influence by applying legislation that directly affects the interests of foreign investors in the Russian Federation. USAID's years of work with these court systems, combined with carefully targeted assistance, offer an opportunity for important results in both the courts of general jurisdiction and the commercial court system.

USAID has already built a strong foundation for working toward reducing corruption. The Russian courts already have a Code of Judicial Ethics and Qualifying Collegia which are empowered to remove judges from office for violations of the Code. But this system of judicial discipline is only four years old, and its leaders have requested assistance in strengthening their understanding of how a mature judicial system administers discipline in its ranks. Similarly, there is great potential for USAID to assist the new Judicial Bailiffs (Marshals) Service training its new personnel and learning how to identify debtors' assets—including such forms of property as accounts and securities. The precise mechanisms through which such assistance will be rendered are presently under discussion (IR 2.2.4.2).

	FY 1998	FY 1999	FY 2000
SO 2.2 Resource Request	\$2,000,000	\$3,300,000	\$3,450,000

**SO 3.2 IMPROVED EFFECTIVENESS OF SELECTED SOCIAL BENEFITS
AND SERVICES (HEALTH ACTIVITIES)**

RESOURCE REQUEST

In 1998, a tripartite USAID/Department of Health and Human Services/Russian Federation initiative on Quality and Access to Health Services will encourage nation-wide improvement of efficiency issues (such as hospital capacity and reliance on inpatient care), as well as medical issues (such as infection control). The initiative will be tracked by an independent “quality council” made up of representatives of all major health providers and financiers. Additionally, indicator development and measurement in the major areas of health reform (legal, finance, drugs, and quality), similar to those used in USAID/Russia's R4 process, will be developed for use by Russian institutions to track their own progress towards reform.

A comprehensive, follow-on program in reproductive health, and maternal and child health, which will include operational research, will be designed and implemented to further decrease the abortion rate and improve the provision of safe, reproductive health services. Emphasis on family planning will be complemented with improved services and information for safe pregnancy, delivery and neo-natal care.

USAID/Russia will also initiate activities in HIV/AIDS prevention and control, including sexually transmitted diseases (STDs), and, in cooperation with the U.S. Centers for Disease Control and the Soros Foundation, tuberculosis. Both these infectious diseases threaten the financial and human resource capacity of the Russian health system if not controlled, and are areas where USAID holds a strong comparative advantage among donors. It is envisioned that a World Bank loan for STDs/AIDS/TB, now under preliminary discussion will scale up the USAID/Russia supported activities in these two areas.

	FY 1998	FY1999	FY 2000
SO 3.2 Resource Request	\$3,490,000	\$6,350,000	\$7,750,000

SO 4 SPECIAL INITIATIVES AND CROSS CUTTING PROGRAMS

RESOURCE REQUEST

Resources will be needed to continue funding **The Eurasia Foundation** to continue to provide small grants, with emphasis on programs in the **Far East**. Other funds will be used to continue funding of the **Training for Development** program with special attention being given to ensuring that training supports Strategic Objectives. As necessary, the Training for Development program will be used to fund the Presidential Management Training Initiative.

PD&S resources will be used as necessary and as judged supportive to the Mission's overall program. To the extent possible, these funds will be used to **support women's activities**. At this time, TUSRIF funding requests are not included in this request.

	FY 1998	FY 1999	FY 2000
SO 4 Resource Request	\$7,760,000	\$7,250,000	\$7,400,000

PART IV

USAID FY 1998 Budget Request by Program/Country

18-Nov-98

Country/Program:
Scenario: Base Level

S.O. # , Title	FY 1998																Future Cost (POST 2000)	Year of Final Oblig.
	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 97	Estimated Total	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 98	Est. Total Cost life of SO		
1.2	FSA	Bilateral	6,000	6,500	0	0	6,500	0	0	0	0	0	0	0	3,500	48,713	0	XX
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	6,000	6,500	0	0	6,500	0	0	0	0	0	0	0	3,500	48,713	0	
1.3	FSA	Bilateral	21,000	19,450	0	0	19,450	0	0	0	0	0	0	0	10,000	443,039	0	XX
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	21,000	19,450	0	0	19,450	0	0	0	0	0	0	0	10,000	443,039	0	
1.4	FSA	Bilateral	3,500	4,050	0	0	4,050	0	0	0	0	0	0	0	2,500	127,706	0	XX
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	3,500	4,050	0	0	4,050	0	0	0	0	0	0	0	2,500	127,706	0	
1.5	FSA	Bilateral	8,000	1,150	0	0	0	0	0	0	0	0	1,150	0	700	165,910	0	XX
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	8,000	1,150	0	0	0	0	0	0	0	0	1,150	0	700	165,910	0	
1.6	FSA	Bilateral	7,500	5,300	0	0	0	0	0	0	0	0	5,300	0	3,000	73,600	0	XX
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	7,500	5,300	0	0	0	0	0	0	0	0	5,300	0	3,000	73,600	0	
2.1	FSA	Bilateral	8,000	10,800	0	0	0	0	0	0	0	0	0	10,800	6,000	87,334	0	XX
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	8,000	10,800	0	0	0	0	0	0	0	0	0	10,800	6,000	87,334	0	
2.2	FSA	Bilateral	2,800	2,000	0	0	0	0	0	0	0	0	0	2,000	1,000	23,517	0	
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	2,800	2,000	0	0	0	0	0	0	0	0	0	2,000	1,000	23,517	0	
3.2	FSA	Bilateral	14,000	5,290	0	0	0	0	0	1,200	640	3,450	0	0	3,000	86,533	0	
		Field Spt	0	1,100	0	0	0	700	0	0	0	400	0	0	600	0	0	
		Total	14,000	6,390	0	0	0	700	0	1,200	640	3,850	0	0	3,600	86,533	0	
4.0	FSA	Bilateral	0	7,760	0	0	7,760	0	0	0	0	0	0	0	7,000	605,270	0	
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	7,760	0	0	7,760	0	0	0	0	0	0	0	7,000	605,270	0	
Total Bilateral			70,800	62,300	0	0	37,760	0	0	1,200	640	3,450	6,450	12,800	36,700	1,661,622	0	
Total Field Support			0	1,100	0	0	0	700	0	0	0	400	0	0	600	0	0	
TOTAL PROGRAM			70,800	63,400	0	0	37,760	700	0	1,200	640	3,850	6,450	12,800	37,300	1,661,622	0	

FY 1998 Request Sector Totals -- DA -- FSA	
Econ Growth	37,760
[Of which Microenterpris	2,000
HCD	
PHN	6,390
Environment	6,450
[Of which Biodiversity]	200
Democracy	12,800
Humanitarian	0

FY 2001 Target Program Level 0
FY 2002 Target Program Level 0
FY 2003 Target Program Level 0

Workforce

Org. USAID/Russia FY 1998 On-Board Estimate	SO Staff									Total SO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1.2	SO 1.3	SO 1.4	SO 1.5	SO 1.6	SO 2.1	SO 2.2	SO 3.2	SO 4		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	1	2.5					0.5	0.5	1.5	6	5	2	1	2	1		11	17
Other U.S. Citizens: 1/ OE Internationally Recruited										0		1					1	1
OE Locally Recruited									1	1		1	2				3	4
Program	1.5	2.5	1	1	1	3	1	2	4	17		1					1	18
FSN/TCN Direct Hire:										0							0	0
OE Internationally Recruited										0							0	0
OE Locally Recruited																		
FSN/TCN Non-Direct Hire:										0							0	0
OE Internationally Recruited										6		13	41		1	11	66	72
OE Locally Recruited																		
Program	1.5	8.5	9	4	4	4.5	1.5	6	5	44		4				1	5	49
Total Staff Levels	4	15.5	10.5	5	5	9	3.5	10.5	11	74	5	22	44	2	2	12	87	161
TAACS										0							0	0
Fellows										0							0	0

1/ Excluding TAACS and Fellows

Workforce

Org. USAID/Russia FY 1999 Target On-Board Estimate	SO Staff									Total SO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1.2	SO 1.3	SO 1.4	SO 1.5	SO 1.6	SO 2.1	SO 2.2	SO 3.2	SO 4		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	1	3	0.5					1.5		6	5	2	1	2	1		11	17
Other U.S. Citizens: 1/ OE Internationally Recruited										0							0	0
OE Locally Recruited Program	1.5	4.5		1	1	3	1	2	1	17.5	0.5	2	3	1			5	6
FSN/TCN Direct Hire: OE Internationally Recruited										0							0	0
OE Locally Recruited										0							0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited										0							0	0
OE Locally Recruited Program	1	9.5	5.5	1	4	4.5	1.5	6	3	36		12	39		1	11.5	63.5	67
												4				1	5	41
Total Staff Levels	3.5	18	6.5	2	5	7.5	2.5	10.5	8.5	64	5.5	21	43	2	2	12.5	86	150
TAACS										0							0	0
Fellows										0							0	0

1/ Excluding TAACS and Fellows

Org. USAID/Russia FY 1999 Request On-Board Estimate	SO Staff									Total SO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1.2	SO 1.3	SO 1.4	SO 1.5	SO 1.6	SO 2.1	SO 2.2	SO 3.2	SO 4		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	1	3	0.5					1.5		6	5	2	1	2	1		11	17
Other U.S. Citizens: 1/ OE Internationally Recruited										0		1					1	1
OE Locally Recruited Program	1.5	4.5		1	1	3	1	2	1	17.5	0.5	1	3				4	5
																	1.5	19
FSN/TCN Direct Hire: OE Internationally Recruited										0							0	0
OE Locally Recruited										0							0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited										0							0	0
OE Locally Recruited Program	1	9.5	5.5	1	4	4.5	1.5	6	3	36		12	39		1	11.5	63.5	67
												4				1	5	41
Total Staff Levels	3.5	18	6.5	2	5	7.5	2.5	10.5	8.5	64	5.5	21	43	2	2	12.5	86	150
TAACS										0							0	0
Fellows										0							0	0

1/ Excluding TAACS and Fellows

Workforce

Org. USAID/Russia FY 2000 Target On-Board Estimate	SO Staff									Total SO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1.2	SO 1.3	SO 1.4	SO 1.5	SO 1.6	SO 2.1	SO 2.2	SO 3.2	SO 4		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	1	2	0.5					1.5		5	6	2	2	1	1		12	17
Other U.S. Citizens: 1/ OE Internationally Recruited										0							0	0
OE Locally Recruited Program	1.5	4.5		1	1	3	1	2	1	17.5		2	3			0.5	5	6
FSN/TCN Direct Hire: OE Internationally Recruited										0							0	0
OE Locally Recruited										0							0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited										0							0	0
OE Locally Recruited Program	1	7.5	0.5	1	4	4.5	1.5	1	1	3.5		12	39		1	11.5	63.5	67
										0							0	0
	1	7.5	5.5	1	4	4.5	1.5	6	5	36		4				1	5	41
Total Staff Levels	3.5	15	6.5	2	5	7.5	2.5	10.5	10.5	63	6	21	44	1	2	13	87	150
TAACS										0							0	0
Fellows										0							0	0

1/ Excluding TAACS and Fellows

Org. USAID/Russia FY 2000 Request On-Board Estimate	SO Staff									Total SO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1.2	SO 1.3	SO 1.4	SO 1.5	SO 1.6	SO 2.1	SO 2.2	SO 3.2	SO 4		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	1	2	0.5					1.5		5	6	2	2	1	1		12	17
Other U.S. Citizens: 1/ OE Internationally Recruited										0		1					1	1
OE Locally Recruited Program	1.5	4.5		1	1	3	1	2	1	17.5		1	3			0.5	4	5
FSN/TCN Direct Hire: OE Internationally Recruited										0							0	0
OE Locally Recruited										0							0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited										0							0	0
OE Locally Recruited Program	1	7.5	0.5	1	4	4.5	1.5	1	1	3.5		12	39		1	11.5	63.5	67
										0							0	0
	1	7.5	5.5	1	4	4.5	1.5	6	5	36		4				1	5	41
Total Staff Levels	3.5	15	6.5	2	5	7.5	2.5	10.5	10.5	63	6	21	44	1	2	13	87	150
TAACS										0							0	0
Fellows										0							0	0

1/ Excluding TAACS and Fellows

Workforce

Org. USAID/Russia FY 2001 On-Board Estimate	SO Staff									Total SO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1.2	SO 1.3	SO 1.4	SO 1.5	SO 1.6	SO 2.1	SO 2.2	SO 3.2	SO 4		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	1	1.5	0.5					1.5		4.5	7.5	2	1	1	1		12.5	17
Other U.S. Citizens: 1/ OE Internationally Recruited										0							0	0
OE Locally Recruited Program	1.5	3			1	3	1	2	1	12.5	0.5	1	3				4	5
FSN/TCN Direct Hire: OE Internationally Recruited										0							0	0
OE Locally Recruited										0							0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited										0							0	0
OE Locally Recruited Program	1	6	5	1	4	4.5	1.5	6	4	33		13	39		1	11.5	64.5	68
												4				1	5	38
Total Staff Levels	3.5	11.5			5	7.5	2.5	10.5	7	54.5		21	43	1	2	12.5	87.5	142
TAACS										0							0	0
Fellows										0							0	0

1/ Excluding TAACS and Fellows

Workforce

Org. USAID/Russia Summary On-Board Estimate	SO Staff									Total SO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1.2	SO 1.3	SO 1.4	SO 1.5	SO 1.6	SO 2.1	SO 2.2	SO 3.2	SO 4		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
FY 1998:																		
U.S. Direct Hire	1	2.5	0	0	0	0.5	0.5	1.5	0	6	5	2	1	2	1	0	11	17
OE Internationally Rec	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	1
OE Locally Recruited	0	2	0.5	0	0	1	0.5	1	2	7	0	14	43	0	1	11	69	76
Total OE Funded Sta	1	4.5	0.5	0	0	1.5	1	2.5	2	13	5	17	44	2	2	11	81	94
Program Funded	3	11	10	5	5	7.5	2.5	8	9	61	0	5	0	0	0	1	6	67
Total FY 1998	4	15.5	10.5	5	5	9	3.5	10.5	11	74	5	22	44	2	2	12	87	161
FY 1999 Target:																		
U.S. Direct Hire	1	3	0.5	0	0	0	0	1.5	0	6	5	2	1	2	1	0	11	17
OE Internationally Rec	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	0	1	0.5	0	0	0	0	1	2	4.5	0	14	42	0	1	11.5	68.5	73
Total OE Funded Sta	1	4	1	0	0	0	0	2.5	2	10.5	5	16	43	2	2	11.5	79.5	90
Program Funded	2.5	14	5.5	2	5	7.5	2.5	8	6.5	53.5	0.5	5	0	0	0	1	6.5	60
Total FY 1999 Target	3.5	18	6.5	2	5	7.5	2.5	10.5	8.5	64	5.5	21	43	2	2	12.5	86	150
FY 1999 Request:																		
U.S. Direct Hire	1	3	0.5	0	0	0	0	1.5	0	6	5	2	1	2	1	0	11	17
OE Internationally Rec	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	1
OE Locally Recruited	0	1	0.5	0	0	0	0	1	2	4.5	0	ERR	ERR	0	1	11.5	67.5	72
Total OE Funded Sta	1	4	1	0	0	0	0	2.5	2	10.5	5	ERR	ERR	2	2	11.5	79.5	90
Program Funded	2.5	14	5.5	2	5	7.5	2.5	8	6.5	53.5	0.5	5	0	0	0	1	6.5	60
Total FY 1999 Request	3.5	18	6.5	2	5	7.5	2.5	10.5	8.5	64	5.5	ERR	ERR	2	2	12.5	86	150
FY 2000 Target:																		
U.S. Direct Hire	1	2	0.5	0	0	0	0	1.5	0	5	6	2	2	1	1	0	12	17
OE Internationally Rec	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	0	1	0.5	0	0	0	0	1	2	4.5	0	14	42	0	1	11.5	68.5	73
Total OE Funded Sta	1	3	1	0	0	0	0	2.5	2	9.5	6	16	44	1	2	11.5	80.5	90
Program Funded	2.5	12	5.5	2	5	7.5	2.5	8	8.5	53.5	0	5	0	0	0	1.5	6.5	60
Total FY 2000 Target	3.5	15	6.5	2	5	7.5	2.5	10.5	10.5	63	6	21	44	1	2	13	87	150
FY 2000 Request:																		
U.S. Direct Hire	1	2	0.5	0	0	0	0	1.5	0	5	6	2	2	1	1	0	12	17
OE Internationally Rec	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	1
OE Locally Recruited	0	1	0.5	0	0	0	0	1	2	4.5	0	13	42	0	1	11.5	67.5	72
Total OE Funded Sta	1	3	1	0	0	0	0	2.5	2	9.5	6	16	44	1	2	11.5	80.5	90
Program Funded	2.5	12	5.5	2	5	7.5	2.5	8	8.5	53.5	0	5	0	0	0	1.5	6.5	60
Total FY 2000 Request	3.5	15	6.5	2	5	7.5	2.5	10.5	10.5	63	6	21	44	1	2	13	87	150
FY 2001 Estimate:																		
U.S. Direct Hire	1	1.5	0.5	0	0	0	0	1.5	0	4.5	7.5	2	1	1	1	0	12.5	17
OE Internationally Rec	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	0	1	0.5	0	0	0	0	1	2	4.5	0	14	42	0	1	11.5	68.5	73
Total OE Funded Sta	1	2.5	1	0	0	0	0	2.5	2	9	7.5	16	43	1	2	11.5	81	90
Program Funded	2.5	9	5	1	5	7.5	2.5	8	5	45.5	0.5	5	0	0	0	1	6.5	52
Total FY 2000 Target	3.5	11.5	6	1	5	7.5	2.5	10.5	7	54.5	8	21	43	1	2	12.5	87.5	142

Workforce

MISSION :

USAID/Russia

USDH STAFFING REQUIREMENTS BY SKILL CODE

BACKSTOP (BS)	NO. OF USDH EMPLOYEES IN BACKSTOP FY 98	NO. OF USDH EMPLOYEES IN BACKSTOP FY 99	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2000	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2001
01SMG	2	2	2	2
02 Program Off.	2	2	2	2
03 EXO	1	1	1	1
04 Controller	2	2	2	2
05/06/07 Secretary				
10 Agriculture.	1			
11Economics	1	1	1	1
12 GDO	2	2	2	2
12 Democracy		1	1	1
14 Rural Dev.				
15 Food for Peace				
21 Private Ent.	2	3	3	3
25 Engineering				
40 Environ				
50 Health/Pop.	1	1	1	1
60 Education				
75 Physical Sci.				
85 Legal	1	1	1	1
92 Commodity Mgt				
93 Contract Mgt	2	1	1	1
94 PDO				
95 IDI				
Other*				
TOTAL	17	17	17	17

*please list occupations covered by other if there are any

4. OE and Workforce Tables

Operating Expense Budget Narrative

Introduction

Having lost four USDH employees unexpectedly in late FY 1997, USAID/Russia entered FY 1998 with only 75 percent of its authorized USDH strength and as of April 1998 still had only 17 USDH employees on board. Managing our \$1.2 billion program with so many USDH vacancies has been stressful for our staff, but the reduced support costs have enabled us to turn back several hundred thousand dollars to the ENI Bureau for redistribution, leaving our current-year budget at \$4.8 million (exclusive of ICASS). To meet the increased support costs for a higher average on-board complement of USDH staff throughout the next two years -- plus an IDI (Health) next year and an IDI (Admin) the following year -- USAID/Russia's request levels for FY 1999 and FY2000 are a relatively modest \$300,000 and \$410,000 respectively above the artificially-depressed FY1998 level.

OE Staffing On-Board EOY	USDH*		Personal Services Contracts		Total
	On-Board	(FTE)	International	Local	
FY 1998	17	(16.5)	1	76	94
FY 1999	18	(19.0)	1	72	91
FY 2000	19	(18.8)	1	72	92

*Includes IDI (Health) arriving FY 1999 and IDI (Admin) arriving FY 2000

Justification of Increases

Following is a general summary of increases necessary to support the proposed establishment for FY 1999 and FY 2000. The increases described in specific areas below are partially offset by cutbacks in English language training and in the acquisition and transportation of office furniture, equipment and vehicles.

- FNPSC salaries and benefits increase by an additional \$100,000 each year to reflect annual step increases and an anticipated compensation plan adjustment of five percent per annum, offset partially in FY 1999 by a reduction in overall FNPSC numbers.
- Education allowances rise by over \$70,000 in FY 1999 and by another \$25,000 in FY 2000, based on projections that employees yet to be assigned to Moscow will have two children each in school and that fees will rise five percent annually.
- While Entitlement Travel remains fairly stable, freight costs associated with Entitlement

Travel jump by nearly \$40,000 in FY 1999 before settling back down in FY 2000.

- Residential Rents rise nearly \$200,000, due both to the increase in the overall numbers of USDH on-board throughout the year and to the expiration in mid-FY 1999 of fixed-price, six-year leases on seven of eight apartments housing our larger families. Although we have already negotiated the landlord down to a 20% increase above the original 1993 rental rates, the absolute increase remains substantial.
- USPSC salaries and benefits (including housing) increase about \$140,000 per year to cover the additional salary/benefits package necessary to attract a highly-qualified off-shore USPSC financial analyst to lead our Financial Analysis Unit. The unit's team of four Russian financial analysts is potentially very strong but the two most qualified have been on the job only a few months while the two most experienced have little formal financial management training. The two-year contract anticipated for the USPSC supervisor/trainer is intended to put the Unit on a strong, sustainable footing for the remaining life of USAID/Russia.

Cuts Required to Match Target-Level Budgets

With its program dollar-to-staff ratio approaching 1,000,000:1, and in anticipation of a stable OYB in the next two years, USAID/Russia intends to maintain on-board staff at the authorized ceiling for USDH and at the mission-proposed cap for other employee categories as long as it is feasible. To do so within the much-reduced target budget levels, drastic cuts will be required in six major areas, all of which will force an increasingly severe decline in the quality of our human resource base and logistical support capabilities. Such cuts cannot be long sustained without forcing an eventual sharp cutback in staffing levels. The six areas are listed below in order of increasing negative impact on our program management capabilities.

- Defer replacement of two seven-year-old vehicles from FY 1999 and FY2000 to FY 2001.
- Eliminate the USPSC position which provides experienced leadership for the Office of Financial Management's Financial Analysis Unit, saving nearly \$200,000 annually in salary and benefits.
- Cut the computer hardware and software budget by 65 percent, saving nearly \$400,000. This would provide only for *anticipated* Y2K expenditures and leave no margin for Y2K surprises. It also assumes that any major corporate software changes during this period, such as the move away from Windows 3.1 and a move to single-vendor suite applications, will be funded centrally.
- Slash the training and staff development budget by 65 percent, saving over \$100,000 annually. This will include canceling our English language skills enhancement program entirely and halving the budget of our in-service Russian language program, with implications not only for less rapid localization of responsibilities for also for general

staff morale. Training is a discretionary investment which can always be sacrificed in the short-term but at a sometimes unacceptable cost in the long-term.

- Cut operational travel by over 45 percent each year, saving over \$200,000.
- Cancel the assignment to Moscow of an IDI (Health) in FY 1999 and abandon a request for an IDI (Admin) in FY 2000, saving \$65,000 in FY 1999 and \$170,000 in FY 2000. Of course this will transfer not only the IDIs but their support costs to some other mission, which might not be in any better position to absorb such costs within allocated target levels. (These costs assume a two-year training assignment for a married employee with two school-age children.)

Impact of Target-Level Budget on Operations

These six measures account for 95 percent of the “savings” necessary to reach the target levels in FY 1999 and FY 2000. Only the loss of the IDI (Health) and off-shore USPSC financial analyst will have a direct, immediate impact on our ability to “make do.” But just “making do” is not this Mission's goal. The effectiveness of our activity management at a time of stable funding will begin to deteriorate as fewer field trips can be supported by aging vehicles, skills stagnate without in-service training, financial oversight is reduced, and information technology passes us by.

Budget Buster Off-stage

One potential budget-breaker not addressed at either the request or the target budget levels is the possibility that the Embassy may authorize and/or require USG agencies at post to begin making contributions to various Russian social security funds for each employee. Departing employees have begun to cite our failure to pay into these funds as one of their chief reasons for resigning. Correcting this could increase FNPSC costs by \$400,000 annually or force an unsustainable cut of nearly 30 percent in our FNPSC staffing if no financial relief were forthcoming.

ICASS Issues

We do not anticipate subscribing in any major way to new ICASS cost centers, but we may request limited participation in the Embassy housing pool in FY 2000 when the new Anglo-American School campus opens in order to place USAID families in Embassy-owned housing currently under construction adjacent to the campus. This would not affect USAID support staff levels. USAID/Russia is currently studying the possibility of offering computer management services to several small agencies not covered under ICASS. If we undertake such support, it is most likely to be on a reimbursable basis rather than as an offset to our ICASS bill. Reimbursements would be sufficient to cover the one additional FNPSC position required to take on the responsibility.

OVERSEAS MISSION BUDGET REQUEST

Org. Title: USAID/Russia		Overseas Mission Budgets														
Org. No: 22118		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
26	Supplies and materials	150.0		150.0	52.0		52.0	100.0		100.0	100.0		100.0	100.0		100.0
	Subtotal OC 26.0	150.0	0.0	150.0	52.0	0.0	52.0	100.0	0.0	100.0	100.0	0.0	100.0	100.0	0.0	100.0
31	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31	Purchase of Residential Furniture/Equip.	50.0		50.0	40.0		40.0	40.0		40.0	40.0		40.0	40.0		40.0
31	Purchase of Office Furniture/Equip.	30.0		30.0	15.0		15.0	15.0		15.0	15.0		15.0	15.0		15.0
31	Purchase of Vehicles	80.0		80.0	25.0		25.0	50.0		50.0			0.0	40.0		40.0
31	Purchase of Printing/Graphics Equipment	20.0		20.0	1.5		1.5	1.5		1.5	1.5		1.5	30.0		30.0
31	ADP Hardware purchases	150.0		150.0	50.0		50.0	150.0		150.0	50.0		50.0	150.0		150.0
31	ADP Software purchases	150.0		150.0	50.0		50.0	150.0		150.0	60.0		60.0	150.0		150.0
	Subtotal OC 31.0	480.0	0.0	480.0	181.5	0.0	181.5	406.5	0.0	406.5	166.5	0.0	166.5	425.0	0.0	425.0
32	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32	Purchase of Land & Buildings (& construction of bldgs.)			0.0			0.0			0.0			0.0			0.0
32	Purchase of fixed equipment for buildings			0.0			0.0			0.0			0.0			0.0
32	Building Renovations/Alterations - Office			0.0			0.0			0.0			0.0			0.0
32	Building Renovations/Alterations - Residential			0.0			0.0			0.0			0.0			0.0
	Subtotal OC 32.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
42	Claims and indemnities			0.0			0.0			0.0			0.0			0.0
	Subtotal OC 42.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL BUDGET		5,698.2	0.0	5,698.2	5,298.2	0.0	5,298.2	6,000.9	0.0	6,000.9	5,298.2	0.0	5,298.2	6,110.7	0.0	6,110.7
Dollars Used for Local Currency Purchases		_____			_____			_____			_____			_____		
Exchange Rate Used in Computations		_____	_____		_____	_____		_____	_____		_____	_____		_____	_____	
		FY98	request		FY99	target		FY99	request		FY00	target		FY00	request	
	Analysis	5,698.2			5,298.2			6,000.9			5,298.2			6,110.7		
	ICASS	898.2			898.2			898.2			898.2			898.2		
		4,800.0			4,400.0			5,102.7			4,400.0			5,212.5		
	Target	4,800.0			4,400.0						4,400.0					
	Difference + / -	0.0			0.0						0.0					

GLOBAL FIELD SUPPORT									
Objective Name	Field Support: Activity Title & Number	Priority	Duration	Estimated Funding (\$000)					
				FY 1998 Obligated by:		FY 1999 Obligated by:		FY 2000 Obligated by:	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau
SO 1.3 -- Accelerated Development and Growth of Private Enterprises	Assistance for Regulatory work on utilities (SEGIR)	medium	1 years	350		350			
SO 1.3 -- Accelerated Development and Growth of Private Enterprises	Support for World Bank District Heating Loan (SEGIR)	medium	1 years	300					
SO 1.3 -- Accelerated Development and Growth of Private Enterprises	Investment and training advisory services (SEGIR)	high	1 years						
1.5 -- A More Economically and Environmentally Sound Energy Systems	Regulatory Refor in Power Sector (SEGIR)	medium	2 years	1,000					
SO 1.6 -- Increased environmental management capacity to support sustainable economic growth	Buy-in to Emmissions Trading Conference	high	1 month	100					
SO 2.2 -- Legal Systems that Better Support Democratic Processes and Market Reforms	Sakharov Center Assessment (SEGIR)	high	3 months	100					
SO 2.2 -- Legal Systems that Better Support Democratic Processes and Market Reforms	Crime and Corruption Implementation (SEGIR tentatively)	medium	1 year	300-500		300-500			
SO 3.2 -- Improved Effectiveness of Selected Social Benefits and Services	Reproductive health: Policy/guidelines	medium, high	3 years		600		200		200
SO 3.2 -- Improved Effectiveness of Selected Social Benefits and Services	Reproductive health: Operations research	medium, high	2 years		100		--		--
SO 3.2 -- Improved Effectiveness of Selected Social Benefits and Services	AIDS/Infectious Disease: HIV/AIDS AIDSMark	high	3 years		500		1,000		1,000
SO 3.2 -- Improved Effectiveness of Selected Social Benefits and Services	Health Reform: Reform Quality Assurance	high	3 years		500		200		300
SO 3.2 -- Improved Effectiveness of Selected Social Benefits and Services	Health Reform: Monitoring Reform	high	3 years		500		300		300
SO 3.2 -- Improved Effectiveness of Selected Social Benefits and Services	Reproductive Health RH/MCH	medium, high	3 years		--		500		1,000
SO 2.3 -- More Effective, Responsive and Accountable Local Government (LG) in Nizhnii Novgorod, Tver, Vladimir, Vladivostok, Moscow (target cities)									
GRAND TOTAL.....10,000-10,200				2,150-2,350	2,200	650-850	2,200	0	2,800

USAID/Russia appreciates Global Bureau technical field support because it provides worldwide state of the art technical assistance that can be brought into the program quickly and at a reasonable cost. The SEGIR and buy-in mechanisms give the Mission flexibility to program Targeted assistance when it fits with Program needs.

Field Support

USAID/Russia appreciates Global Bureau technical field support because it provides worldwide state of the art technical assistance that can be brought into the program quickly and at a reasonable cost. The SEGIR and buy-in mechanisms give the Mission flexibility to program targeted assistance when it fits with Program needs. In addition, even if OYB allowances of NOA have not been made, the Mission can “borrow” technical assistance from G Bureau and, when NOA allowances arrive, can pay for the services as appropriate.

USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99, 2000
As of April 6, 1998
by project

<i>Project/ Component</i>	<i>SO Number</i>	<i>PROJECT / COMPONENT / ACT</i>	<i>IMPLEMENTER</i>	<i>Planned Use of All CO</i>	<i>Current reob requests</i>	<i>JAS</i>	<i>98NOA Other</i>	<i>98NOA RII</i>	<i>FY 98 NOA Total</i>	<i>FY 98 Total Budget</i>	<i>FY99 NOA</i>	<i>FY2000 NOA</i>
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USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99, 2000
As of April 6, 1998
by project

[illegible]

USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99, 2000
As of April 6, 1998
by project

Project/ Component	SO Number	PROJECT / COMPONENT / ACT	IMPLEMENTER	Planned Use of All CO	Current reob requests	JAS	98NOA Other	98NOA RII	FY 98 NOA Total	FY 98 Total Budget	FY99 NOA	FY2000 NOA
0002-ENERGY PROJECT				\$274	\$0	\$0	\$1,050	\$100	\$1,150	\$1,424	\$1,200	\$1,100
		2.3 Energy Subsector Restructuring		\$150	\$0	\$0	\$1,000	\$0	\$1,000	\$1,150	\$1,000	\$1,000
	2.3.1	1.5 Institution based services	Hagler-Bailly	\$0	\$0	\$0	\$1,000	\$0	\$1,000	\$1,000	\$1,000	\$1,000
	2.3.2	1.5 Sakhalin Island	Northern Econ	\$150	\$0	\$0	\$0	\$0	\$0	\$150	\$0	\$0
		2.4 Nuclear Power Safety (NON-ADD)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		2.8 Administrative, Other		\$124	\$0	\$0	\$50	\$100	\$150	\$274	\$200	\$100
	2.8	1.5 Program management	PSCs	\$124	\$0	\$0	\$50	\$100	\$150	\$274	\$200	\$100
0003 - ENVIRONMENTAL PROJECT				\$2,054	\$0	\$100	\$1,600	\$3,600	\$5,200	\$7,354	\$5,250	\$3,700
		3.1 Environmental Policy and Institution Building		\$2,000	\$0	\$100	\$1,400	\$3,600	\$5,000	\$7,100	\$5,000	\$3,500
		FY 97 CO Non-Add/NOA Add										
	3.1.2	1.6.1 CFC Initiative	World Bank (W)	\$2,000	\$0	\$0	\$0	\$2,000	\$2,000	\$4,000	\$1,000	\$0
		Add										
	3.1.2	1.6.3 Emmissions Trading	TBD *								\$1,500	\$1,500
	3.1.2	1.6.3 Forestry Management	USFS	\$0	\$0	\$0	\$0	\$300	\$300	\$300	\$300	\$0
	3.1.2	1.6.3 Murmansk Project	EPA	\$0	\$0	\$100	\$0	\$0	\$0	\$100	\$0	\$0
	3.1.2	1.6.3 Replication of lessons learned (RCISC		\$0	\$0	\$0	\$1,400	\$1,300	\$2,700	\$2,700	\$2,200	\$2,000
		3.2 Preventing healh risks from pollution		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		3.3 Grassroots advocacy and Environmental Accountability		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		3.5 Natural Resource Management		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	3.5	1.6.4 Global Climate Change	Earmark TBD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		3.6 Administrative, Other		\$54	\$0	\$0	\$200	\$0	\$200	\$254	\$250	\$200
	3.6	1.6.3 Program Management	Various	\$54	\$0	\$0	\$200	\$0	\$200	\$254	\$250	\$200

USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99, 2000
As of April 6, 1998
by project

Project/ Component	SO Number	PROJECT / COMPONENT / ACT	IMPLEMENTER	Planned Use of All CO	Current reob requests	JAS	98NOA Other	98NOA RII	FY 98 NOA Total	FY 98 Total Budget	FY99 NOA	FY2000 NOA
0005 - PRIVATE SECTOR PROJECT				\$855	\$1,073	\$400	\$4,200	\$11,750	\$15,950	\$18,278	\$13,200	\$12,225
5.3 Capital Markets - Regulation				\$0	\$500	\$0	\$200	\$500	\$700	\$1,200	\$700	\$500
5.3	1.4	Advisory Services RFCSCM	US SEC (W)	\$0	\$0	\$0	\$200	\$0	\$200	\$200	\$200	\$0
5.3	1.4	Regionalization - Cap Markets	Carana	\$0	\$500	\$0	\$0	\$500	\$500	\$1,000	\$500	\$500
5.5 Post Privatization assistance to enterprises				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5.6 Policy, legal, and regulatory reform				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5.7 Small and New Business				\$637	\$563	\$200	\$3,350	\$10,050	\$13,400	\$14,800	\$10,800	\$11,225
5.7	1.3	Client-focussed Biz Volunteer Prog	ACDI/VOCA/IESC/CDC	\$0	\$0	\$0	\$0	\$7,000	\$7,000	\$7,000	\$5,500	\$6,000
5.7	1.3	Regional small business developm	Univ. of Alaska	\$0	\$200	\$0	\$1,100	\$0	\$1,100	\$1,300	\$1,000	\$1,000
5.7	1.3	Small Business Support	Peace Corps	\$0	\$0	\$0	\$0	\$50	\$50	\$50	\$50	\$50
5.7	1.3	Small Business Advocacy/Policy	TBD	\$0	\$0	\$200	\$0	\$0	\$0	\$200	\$0	\$0
5.7	1.3	Biz Support Instit Network Strength	TBD	\$0	\$0	\$0	\$1,000	\$1,000	\$2,000	\$2,000	\$500	\$500
5.7	1.3	Information to small business/BCC	CDC	\$0	\$0	\$0	\$250	\$500	\$750	\$750	\$750	\$0
5.7	1.3	Training for Managers	CBSD	\$0	\$0	\$0	\$1,000	\$0	\$1,000	\$1,000	\$500	\$500
5.7	1.3	Business Toolkit Dissemination	TBD	\$0	\$0	\$0	\$0	\$500	\$500	\$500	\$0	\$0
5.7	1.3	Micro-credit	TBD	\$637	\$363	\$0	\$0	\$1,000	\$1,000	\$2,000	\$2,500	\$3,175
5.8 Trade and Investment				\$0	\$0	\$200	\$0	\$1,100	\$1,100	\$1,300	\$950	\$0
5.8	1.3	RFE:Sakhalin Development Action	ASWG/DCED	\$0	\$0	\$200	\$0	\$100	\$100	\$300	\$200	\$0
5.8	1.3	Supp to Regional Investment	TBD	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000	\$750	\$0
5.8 Trade and Investment				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5.9 Administrative, Other				\$218	\$10	\$0	\$650	\$100	\$750	\$978	\$750	\$500
5.7	1.3	Program Management	PSCs, others	\$218	\$10	\$0	\$650	\$100	\$750	\$978	\$750	\$500

USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99, 2000
As of April 6, 1998
by project

[illegible]

USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99, 2000
As of April 6, 1998
by project

Project/ Component	SO Number	PROJECT / COMPONENT / ACT	IMPLEMENTER	Planned Use of All CO	Current reob requests	JAS	98NOA Other	98NOA RII	FY 98 NOA Total	FY 98 Total Budget	FY99 NOA	FY2000 NOA
0007 - DEMOCRATIC REFORM PROJECT				\$1,047	\$5,350	\$0	\$10,750	\$2,050	\$12,800	\$19,197	\$14,800	\$16,450
7.1 Political Processes				\$400	\$600	\$0	\$1,950	\$0	\$1,950	\$2,950	\$2,800	\$2,800
7.1	2.1	Electoral Law Support	IFES	\$200	\$600	\$0	\$0	\$0	\$0	\$800	\$800	\$800
7.1	2.1	Political process	IRI	\$200	\$0	\$0	\$800	\$0	\$800	\$1,000	\$1,000	\$1,000
7.1	2.1	Training Russian Leaders	Moscow Sch of Political S	\$0	\$0	\$0	\$150	\$0	\$150	\$150	\$0	\$0
7.3	2.1	Political process/local participation	NDI	\$0	\$0	\$0	\$1,000	\$0	\$1,000	\$1,000	\$1,000	\$1,000
7.2 Rule of law				\$300	\$2,600	\$0	\$1,500	\$500	\$2,000	\$4,900	\$3,300	\$3,450
7.2	2.2	Law Training	ABA/CEELI	\$0	\$1,600	\$0	\$0	\$0	\$0	\$1,600	\$1,200	\$1,500
7.2	2.2	Judicial Reform	NJC/Chemonics	\$0	\$200	\$0	\$1,275	\$0	\$1,275	\$1,475	\$800	\$200
7.2	2.2	Human Rights	Sakharov Center	\$300	\$0	\$0	\$225	\$0	\$225	\$525	\$300	\$0
7.2	2.2	Crime/Corruption Prevention	TBD	\$0	\$800	\$0	\$0	\$500	\$500	\$1,300	\$1,000	\$1,750
7.3 Public administration and local government				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7.4 Civil Society				\$180	\$1,370	\$0	\$4,500	\$1,000	\$5,500	\$7,050	\$5,200	\$6,500
7.4	2.1	NGO Sector Support (Phase 2)	TBD	\$0	\$750	\$0	\$2,350	\$250	\$2,600	\$3,350	\$2,800	\$3,000
7.4	2.1	RFE NGO Support	ISAR	\$180	\$620	\$0	\$0	\$0	\$0	\$800	\$400	\$500
7.4	2.1	SPAN	IREX	\$0	\$0	\$0	\$1,250	\$750	\$2,000	\$2,000	\$2,000	\$3,000
7.4	2.1	Support for independent labor union	FTUI	\$0	\$0	\$0	\$900	\$0	\$900	\$900	\$0	\$0
7.5 Independent Media				\$0	\$700	\$0	\$2,500	\$500	\$3,000	\$3,700	\$3,000	\$3,200
7.5	2.1	Print Media	NPI/RAPIC	\$0	\$200	\$0	\$500	\$500	\$1,000	\$1,200	\$1,000	\$1,200
7.5	2.1	Broadcast Media	Internews	\$0	\$500	\$0	\$2,000	\$0	\$2,000	\$2,500	\$2,000	\$2,000
7.8 Administrative, Other				\$167	\$80	\$0	\$300	\$50	\$350	\$597	\$500	\$500
7.8	2.1	Program management	PSCs	\$167	\$80	\$0	\$300	\$50	\$350	\$597	\$500	\$500

USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99, 2000
As of April 6, 1998
by project

<i>Project/ Component</i>	<i>SO Number</i>	<i>PROJECT / COMPONENT / ACT</i>	<i>IMPLEMENTER</i>	<i>Planned Use of All CO</i>	<i>Current reob requests</i>	<i>JAS</i>	<i>98NOA Other</i>	<i>98NOA RII</i>	<i>FY 98 NOA Total</i>	<i>FY 98 Total Budget</i>	<i>FY99 NOA</i>	<i>FY2000 NOA</i>
0008 - HOUSING				\$100	\$0	\$0	\$2,000	\$800	\$2,800	\$2,900	\$2,500	\$2,200
8.1 Market-based Housing Sector				\$0	\$0	\$0	\$1,000	\$700	\$1,700	\$1,700	\$1,700	\$1,450
8.1	1.3	Housing Sector Reform	Inst. for Urban Econ	\$0	\$0	\$0	\$500	\$700	\$1,200	\$1,200	\$200	\$100
8.1	1.3	Real Estate/Housing Dev	TBD	\$0	\$0	\$0	\$500	\$0	\$500	\$500	\$500	\$500
8.1	1.3	Support-Dev Credit Auth Network	TBD *								\$0	\$100
8.1	1.3	Communal Services	TBD *								\$1,000	\$750
8.x Land Markets				\$0	\$0	\$0	\$1,000	\$0	\$1,000	\$1,000	\$600	\$650
8.x	1.3	Urban Land Reform	Inst. for Urban Econ	\$0	\$0	\$0	\$1,000	\$0	\$1,000	\$1,000	\$500	\$500
8.x	1.3	University Partnership	TBD *								\$100	\$150
8.9 Administrative, Other				\$100	\$0	\$0	\$0	\$100	\$100	\$200	\$200	\$100
8.9	1.3	Program management	PSCs	\$100	\$0	\$0	\$0	\$100	\$100	\$200	\$200	\$100

USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99, 2000
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Project/ Component	SO Number	PROJECT / COMPONENT / ACT	IMPLEMENTER	Planned Use of All CO	Current reob requests	JAS	98NOA Other	98NOA RII	FY 98 NOA Total	FY 98 Total Budget	FY99 NOA	FY2000 NOA
0009 - ECONOMIC RESTRUCTURING				\$2,783	\$0	\$0	\$10,250	\$600	\$10,850	\$13,633	\$9,150	\$9,175
		9.1 Fiscal reform		\$1,500	\$0	\$0	\$7,000	\$0	\$7,000	\$8,500	\$6,500	\$6,425
	9.1	1.2 Tax Reform	TBD	\$1,500	\$0	\$0	\$6,500	\$0	\$6,500	\$8,000	\$6,000	\$6,000
	9.1	1.4 Partnership NAUFOR/NASD	NAUFOR/NASD/DCC	\$0	\$0	\$0	\$500	\$0	\$500	\$500	\$500	\$425
		9.2 Financial Sector Reform		\$1,000	\$0	\$0	\$2,150	\$500	\$2,650	\$3,650	\$1,650	\$1,500
	9.2	1.4 Commercial banker training	Local Banking Instit	\$0	\$0	\$0	\$150	\$0	\$150	\$150	\$150	\$0
	9.2	1.4 Central bank supervision, training	TBD	\$0	\$0	\$0	\$500	\$500	\$1,000	\$1,000	\$500	\$1,000
	9.2	1.4 Financial/monetary system (bank i	FSVC	\$0	\$0	\$0	\$1,500	\$0	\$1,500	\$1,500	\$1,000	\$500
	9.2	1.4 Int'l Accounting Standards	AmCham	\$1,000	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	\$0
		9.3 Market Environment		\$0	\$0	\$0	\$1,000	\$0	\$1,000	\$1,000	\$750	\$1,000
	9.3	1.3 Natural Monopoly Work	IRIS	\$0	\$0	\$0	\$1,000	\$0	\$1,000	\$1,000	\$750	\$1,000
		9.8 Administrative, Other		\$283	\$0	\$0	\$100	\$100	\$200	\$483	\$250	\$250
	9.8	1.3 Program management		\$283	\$0	\$0	\$100	\$100	\$200	\$483	\$250	\$250
0010		Eurasia Foundation		\$0	\$0	\$0	\$3,000	\$2,000	\$5,000	\$5,000	\$5,000	\$5,000
		Eurasia Grants	Eurasia	\$0	\$0	\$0	\$3,000	\$2,000	\$5,000	\$5,000	\$5,000	\$5,000
0011 - ENTERPRISE FUNDS				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	11.1	4 Russian American Enterprise Fund	TUSRIF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0012 - NIS EXCHANGES AND TRAINING				\$11	\$0	\$0	\$1,210	\$750	\$1,960	\$1,971	\$1,300	\$1,900
		12.3 Short-term Training		\$0	\$0	\$0	\$1,110	\$750	\$1,860	\$1,860	\$1,200	\$1,800
	12.3	4 Training for Development	AED	\$0	\$0	\$0	\$1,110	\$750	\$1,860	\$1,860	\$1,200	\$1,800
		12.8 Administration, Other		\$11	\$0	\$0	\$100	\$0	\$100	\$111	\$100	\$100
	12.8	4 Program management	PSCs	\$11	\$0	\$0	\$100	\$0	\$100	\$111	\$100	\$100

<i>Proj/Comp</i>	<i>SO Number</i>	<i>Strategic Objective</i>	<i>IMPLEMENTER</i>	<i>Planned Use of All CO</i>	<i>Current reob requests</i>	<i>JAS</i>	<i>98NOA</i>	<i>98NOA RII</i>	<i>FY 98 NOA Total</i>	<i>FY 98 Total Budget</i>	<i>FY99</i>	<i>FY2000</i>
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USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99,2000
As of April 6, 1998
BY SO

<i>Proj/Comp</i>	<i>SO Number</i>	<i>Strategic Objective</i>	<i>IMPLEMENTER</i>	<i>Planned Use of All CO</i>	<i>Current reob requests</i>	<i>JAS</i>	<i>98NOA</i>	<i>98NOA RII</i>	<i>FY 98 NOA Total</i>	<i>FY 98 Total Budget</i>	<i>FY99</i>	<i>FY2000</i>
	1.2	Reformed tax system		\$1,500	\$0	\$0	\$6,500	\$0	\$6,500	\$8,000	\$6,000	\$6,000
	1.3	Accelerated dev of private enterprises		\$955	\$743	\$400	\$7,000	\$12,050	\$19,050	\$21,148	\$16,050	\$14,925
	1.4	Robust financial sector		\$1,283	\$500	\$0	\$2,950	\$1,100	\$4,050	\$5,833	\$3,100	\$2,675
	1.5	Restructured energy system		\$274	\$0	\$0	\$1,050	\$100	\$1,150	\$1,424	\$1,200	\$1,100
	1.6	Reductions in environmental pollution		\$2,054	\$0	\$100	\$1,600	\$3,600	\$5,200	\$7,354	\$5,250	\$3,700
	2.1	Increased participation of informed citizens		\$747	\$2,750	\$0	\$9,250	\$1,550	\$10,800	\$14,297	\$11,500	\$13,000
	2.2	Rule of law		\$300	\$2,600	\$0	\$1,500	\$500	\$2,000	\$4,900	\$3,300	\$3,450
	2.3	Accountable decentralized local government		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	3.1	Reduction of human suffering		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	3.2	More effective social services		\$1,187	\$400	\$2,900	\$2,040	\$1,450	\$3,490	\$7,977	\$6,350	\$7,750
	4.0	Special initiatives		\$258	\$1,053	\$0	\$5,010	\$2,750	\$7,760	\$9,071	\$7,250	\$7,400
		TOTAL		\$8,558	\$8,046	\$3,400	\$36,900	\$23,100	\$60,000	\$80,004	\$60,000	\$60,000
SO 1.2	Tax system reformed			\$1,500	\$0	\$0	\$6,500	\$0	\$6,500	\$8,000	\$6,000	\$6,000
9.1	9.1	Tax Reform	TBD	\$1,500	\$0	\$0	\$6,500	\$0	\$6,500	\$8,000	\$6,000	\$6,000
SO 1.3	Accelerated development of private enterprise			\$955	\$743	\$400	\$7,000	\$12,050	\$19,050	\$21,148	\$16,050	\$14,925
		<i>Legal, regulatory, and policy reform (IR 1.3.1)</i>										
9.3	1.3	Natural Monopoly Work	IRIS	\$0	\$0	\$0	\$1,000	\$0	\$1,000	\$1,000	\$750	\$1,000
5.8	1.3	Supp to Regional Investment	TBD	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000	\$750	\$0
		<i>Real estate market development (IR 1.3.2)</i>										
6.4	1.3	Rural Land Reform	RDI	\$0	\$170	\$0	\$0	\$0	\$0	\$170	\$100	\$0
8.x	1.3	Urban Land Reform	Inst. for Urban Econ	\$0	\$0	\$0	\$1,000	\$0	\$1,000	\$1,000	\$500	\$500
8.x	1.3	University Partnership	TBD *	\$0	\$0	\$0	\$0	\$0			\$100	\$150
		<i>Replicating models of modern management (IR 1.3.3)</i>										
8.1	1.3	Housing Sector Reform	Inst. for Urban Econ	\$0	\$0	\$0	\$500	\$700	\$1,200	\$1,200	\$200	\$100
8.1	1.3	Real Estate/Housing Dev	TBD	\$0	\$0	\$0	\$500	\$0	\$500	\$500	\$500	\$500
8.1	1.3	Support-Dev Credit Auth Network	TBD *	\$0	\$0	\$0	\$0	\$0			\$0	\$100
8.1	1.3	Communal Services	TBD *	\$0	\$0	\$0	\$0	\$0			\$1,000	\$750
6.4	1.3	Ag biz connections (GCC)	PRARI	\$0	\$250	\$0	\$0	\$0	\$0	\$250	\$0	\$0
6.4	1.3	Coop Credit Assoc	ACDI/VOCA	\$0	\$559	\$0	\$0	\$0	\$0	\$559	\$0	\$0
6.4	1.3	Ag biz connections	RRARI *	\$0	\$0	\$0	\$0	\$0			\$0	\$0
6.4	1.3	Cooperative Credit Association	Joint Commission*	\$0	\$0	\$0	\$0	\$0			\$200	\$0
		<i>Sustainable business support network development (IR 1.3.4)</i>										
5.7	1.3	Client-focussed Biz Volunteer Program	ACDI/VOCA/IESC/C	\$0	\$0	\$0	\$0	\$7,000	\$7,000	\$7,000	\$5,500	\$6,000
5.7	1.3	Regional small business development	Univ. of Alaska	\$0	\$200	\$0	\$1,100	\$0	\$1,100	\$1,300	\$1,000	\$1,000
5.7	1.3	Small Business Advocacy/Policy	TBD	\$0	\$0	\$200	\$0	\$0	\$0	\$200	\$0	\$0
5.7	1.3	Small Business Support	Peace Corps	\$0	\$0	\$0	\$0	\$50	\$50	\$50	\$50	\$50
5.7	1.3	Information to small business/BCC	CDC	\$0	\$0	\$0	\$250	\$500	\$750	\$750	\$750	\$0

USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99,2000
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BY SO

[illegible]

USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99,2000
As of April 6, 1998
BY SO

Proj/Comp	SO Number	Strategic Objective	IMPLEMENTER	Planned Use of All CO	Current reob requests	JAS	98NOA	98NOA Rll	FY 98 NOA Total	FY 98 Total Budget	FY99	FY2000
SO 1.4	A robust and market supportive financial system			\$1,283	\$500	\$0	\$2,950	\$1,100	\$4,050	\$5,833	\$3,100	\$2,675
5.3	1.4	Regionalization - Cap Markets	Carana	\$0	\$500	\$0	\$0	\$500	\$500	\$1,000	\$500	\$500
5.3	1.4	Advisory Services RFCSCM	US SEC (W)	\$0	\$0	\$0	\$200	\$0	\$200	\$200	\$200	\$0
9.2	1.4	Central bank supervision, training	TBD	\$0	\$0	\$0	\$500	\$500	\$1,000	\$1,000	\$500	\$1,000
9.2	1.4	Commercial banker training	Local Banking Instit	\$0	\$0	\$0	\$150	\$0	\$150	\$150	\$150	\$0
9.2	1.4	Financial/monetary system (bank infras	FSVC	\$0	\$0	\$0	\$1,500	\$0	\$1,500	\$1,500	\$1,000	\$500
9.2	1.4	Int'l Accounting Standards	AmCham	\$1,000	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	\$0
9.1	1.4	Partnership NAUFOR/NASD	NAUFOR/NASD/DC	\$0	\$0	\$0	\$500	\$0	\$500	\$500	\$500	\$425
9.8	1.4	Program management		\$283	\$0	\$0	\$100	\$100	\$200	\$483	\$250	\$250
SO 1.5	A more economically and environmentally sustainable energy system			\$274	\$0	\$0	\$1,050	\$100	\$1,150	\$1,424	\$1,200	\$1,100
2.3.1	1.5	Institution based services	Hagler-Bailly	\$0	\$0	\$0	\$1,000	\$0	\$1,000	\$1,000	\$1,000	\$1,000
2.3.2	1.5	Sakhalin Island	Northern Econ	\$150	\$0	\$0	\$0	\$0	\$0	\$150	\$0	\$0
2.8	1.5	Program management	PSCs	\$124	\$0	\$0	\$50	\$100	\$150	\$274	\$200	\$100
SO 1.6	Increased capacity to deal with environmental pollution as a threat to pu			\$2,054	\$0	\$100	\$1,600	\$3,600	\$5,200	\$7,354	\$5,250	\$3,700
3.1.2	1.6.1	CFC Initiative	World Bank (W)	\$2,000	\$0	\$0	\$0	\$2,000	\$2,000	\$4,000	\$1,000	\$0
3.1.2	1.6.3	Replication of lessons learned (ROLL)	ISC	\$0	\$0	\$0	\$1,400	\$1,300	\$2,700	\$2,700	\$2,200	\$2,000
3.1.2	1.6.3	Emmissions Trading			\$0	\$0	\$0	\$0	\$0	\$0	\$1,500	\$1,500
3.1.2	1.6.3	Forestry Management	USFS	\$0	\$0	\$0	\$0	\$300	\$300	\$300	\$300	\$0
3.1.2	1.6.3	Murmansk Project	EPA	0	0	100	\$0	\$0	\$0	\$100	\$0	\$0
3.5	1.6.4	Global Climate Change	Earmark TBD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.6	1.6.3	Program Management	Various	\$54	\$0	\$0	\$200	\$0	\$200	\$254	\$250	\$200

USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99,2000
As of April 6, 1998
BY SO

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USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99,2000
As of April 6, 1998
BY SO

Proj/Comp	SO Number	Strategic Objective	IMPLEMENTER	Planned Use of All CO	Current reob requests	JAS	98NOA	98NOA Rll	FY 98 NOA Total	FY 98 Total Budget	FY99	FY2000
SO 3.2 Improved effectiveness of selected social services and benefits				\$1,187	\$400	\$2,900	\$2,040	\$1,450	\$3,490	\$7,977	\$6,350	\$7,750
4.1	3.2	Medical/Hospital Partnerships	TBD (W)	\$0	\$200	\$1,600	\$200	\$1,000	\$1,200	\$3,000	\$2,000	\$2,500
4.1	3.2	HIV/AIDS Partnerships	TBD	\$0	\$0	\$0	\$640	\$0	\$640	\$640	\$500	\$500
4.4	3.2	Reform Quality Assurance 1	URC	\$200	\$200	\$100	\$0	\$0	\$0	\$500	\$200	\$300
4.4	3.2	Reform Quality Assurance 2	HHS	\$0	\$0	\$0	\$0	\$100	\$100	\$100	\$100	\$100
4.4	3.2	Reform CA Coordination	BU-3	\$0	\$0	\$0	\$50	\$350	\$400	\$400	\$150	\$300
4.4	3.2	HIV/AIDS Policy	BU-2	\$100	\$0	\$0	\$0	\$0	\$0	\$100	\$100	\$100
4.4	3.2	HIV/AIDS - AIDSmark	G-PSI	\$500	\$0	\$0	\$0	\$0	\$0	\$500	\$1,000	\$1,000
4.4	3.2	Infectious Disease Control	HHS	\$0	\$0	\$1,000	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000
4.4	3.2	STDs Infection Control	HHS	\$0	\$0	\$200	\$0	\$0	\$0	\$200	\$200	\$200
4.4	3.2	Monitoring Reform	UNC	\$200	\$0	\$0	\$300	\$0	\$300	\$500	\$150	\$300
4.5	3.2	Operations Research	G Bureau/Frontiers	\$0	\$0	\$0	\$100	\$0	\$100	\$100	\$0	\$0
4.5	3.2	Policy/ Guidelines	Futures Policy	\$0	\$0	\$0	\$600	\$0	\$600	\$600	\$200	\$200
4.5	3.2	RH/MCH		0	0	0	0	0	0	0	\$500	\$1,000
4.6	3.2	Program management	PSCs	\$187	\$0	\$0	\$150	\$0	\$150	\$337	\$250	\$250
SO 4 Miscellaneous				\$258	\$1,053	\$0	\$5,010	\$2,750	\$7,760	\$9,071	\$7,250	\$7,400
10	4.1	Eurasia Grants	Eurasia	\$0	\$0	\$0	3,000	2,000	\$5,000	\$5,000	\$5,000	\$5,000
1.2	4	PD & S	0	\$247	\$1,053	\$0	\$800	\$0	\$800	\$2,100	\$950	\$500
1.3	4	Cross-Cutting		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11.1	4.1	Russian American Enterprise Funds	TUSRIF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12.3	4.2	Training for Development	AED	\$0	\$0	\$0	\$1,110	\$750	\$1,860	\$1,860	\$1,200	\$1,800
12.8	4.2	Program management	PSCs	\$11	\$0	\$0	\$100	\$0	\$100	\$111	\$100	\$100

USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99, 2000
As of April 6, 1998
By S/NIS Categories

Activity	All Carryover	Reobligations	JAS	98 NOA RIL	98NOA Other	Total 98 NOA	Total 98 Budget	FY99	FY2000
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USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99, 2000
As of April 6, 1998
By S/NIS Categories

Activity	All Carryover	Reobligations	JAS	98 NOA RIL	98NOA Other	Total 98 NOA	Total 98 Budget	FY99	FY2000
1. Special Initiatives	\$247	\$1,053	\$0	\$0	\$800	\$800	\$2,100	\$950	\$500
2. Energy	\$274	\$0	\$0	\$100	\$1,050	\$1,150	\$1,424	\$1,200	\$1,100
3. Health	\$1,187	\$200	\$1,300	\$450	\$1,200	\$1,650	\$4,337	\$3,850	\$4,750
4. Trade Impediment Elimination	\$2,783	\$1,470	\$0	\$1,100	\$10,100	\$11,200	\$15,453	\$10,100	\$10,500
5. Training	\$100	\$1,600	\$0	\$1,350	\$2,910	\$4,260	\$5,960	\$3,750	\$4,900
6. IFI Loan Support	\$2,000	\$0	\$0	\$2,000	\$0	\$2,000	\$4,000	\$1,000	\$0
7. Small Business/ Micro Credit	\$855	\$1,273	\$400	\$11,750	\$6,000	\$17,750	\$20,278	\$16,700	\$15,775
8. Eurasia	\$0	\$0	\$0	\$2,000	\$3,000	\$5,000	\$5,000	\$5,000	\$5,000
9. Partnerships	\$11	\$400	\$1,600	\$2,450	\$4,665	\$7,115	\$9,126	\$6,400	\$6,975
10. Environment	\$54	\$0	\$100	\$1,600	\$1,600	\$3,200	\$3,354	\$4,250	\$3,700
11. Democractic Reform	\$1,047	\$2,050	\$0	\$300	\$5,575	\$5,875	\$8,972	\$6,800	\$6,800
Totals:	\$8,558	\$8,046	\$3,400	\$23,100	\$36,900	\$60,000	\$80,004	\$60,000	\$60,000

1. Special Initiatives

PD&S

\$247	\$1,053	\$0	\$0	\$800	\$800	\$2,100	\$950	\$500
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Subtotal:

\$247	\$1,053	\$0	\$0	\$800	\$800	\$2,100	\$950	\$500
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2. Energy

* Institution Based Services
Sakhalin Island
Program management

Hagler-Bailly
Northern Econ

\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
\$150	\$0	\$0	\$0	\$0	\$0	\$150	\$0	\$0
\$124	\$0	\$0	\$100	\$50	\$150	\$274	\$200	\$100

Subtotal:

\$274	\$0	\$0	\$100	\$1,050	\$1,150	\$1,424	\$1,200	\$1,100
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USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99, 2000

As of April 6, 1998

By S/NIS Categories

Activity			All Carryover	Reobligations	JAS	98 NOA Rll	98NOA Other	Total 98 NOA	Total 98 Budget	FY99	FY2000
3. Health											
	Reform										
	Reform Quality Assurance 1	URC	\$200	\$200	\$100	\$0	\$0	\$0	\$500	\$200	\$300
	Reform Quality Assurance 2	HHS	\$0	\$0	\$0	\$100	\$0	\$100	\$100	\$100	\$100
	Monitoring Reform	UNC	\$200	\$0	\$0	\$0	\$300	\$300	\$500	\$150	\$300
	Reform CA Coordination	BU-3	\$0	\$0	\$0	\$350	\$50	\$400	\$400	\$150	\$300
	HIV/AIDS										
*	HIV/AIDS Policy	BU-2	\$100	\$0	\$0	\$0	\$0	\$0	\$100	\$100	\$100
*	HIV/AIDS - AIDSmark	G-PSI	\$500	\$0	\$0	\$0	\$0	\$0	\$500	\$1,000	\$1,000
*	Infectious Disease Control	HHS	\$0	\$0	\$1,000	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000
*	STDs Infection Control	HHS	\$0	\$0	\$200	\$0	\$0	\$0	\$200	\$200	\$200
	Women's Reproductive Health										
	Policy/ Guidelines	Futures Policy	\$0	\$0	\$0	\$0	\$600	\$600	\$600	\$200	\$200
*	Operations Research	G Bureau/Frontiers	\$0	\$0	\$0	\$0	\$100	\$100	\$100	\$0	\$0
	RH/MCH	*								\$500	\$1,000
	Program management		\$187	\$0	\$0	\$0	\$150	\$150	\$337	\$250	\$250
	Subtotal:		\$1,187	\$200	\$1,300	\$450	\$1,200	\$1,650	\$4,337	\$3,850	\$4,750
4. Trade Impediment Elimination											
	Tax Reform	TBD	\$1,500	\$0	\$0	\$0	\$6,500	\$6,500	\$8,000	\$6,000	\$6,000
	Financial/monetary system (bank infrastructure)	FSVC	\$0	\$0	\$0	\$0	\$1,500	\$1,500	\$1,500	\$1,000	\$500
*	Int'l Accounting Standards	AmCham	\$1,000	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	\$0
	Natural Monopoly Work	IRIS	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000	\$750	\$1,000
	Regionalization - Cap Markets	Carana	\$0	\$500	\$0	\$500	\$0	\$500	\$1,000	\$500	\$500
	Urban Land Reform	Inst. for Urban Econ	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000	\$500	\$500
	Rural Land Reform	RDI	\$0	\$170	\$0	\$0	\$0	\$0	\$170	\$100	\$0
*	Crime/Corruption Prevention	TBD	\$0	\$800	\$0	\$500	\$0	\$500	\$1,300	\$1,000	\$1,750
	Program management		\$283	\$0	\$0	\$100	\$100	\$200	\$483	\$250	\$250
	Subtotal:		\$2,783	\$1,470	\$0	\$1,100	\$10,100	\$11,200	\$15,453	\$10,100	\$10,500

USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99, 2000

As of April 6, 1998

By S/NIS Categories

Activity				All			98 NOA	98NOA	Total 98	Total 98	FY99	FY2000
	Carryover	Reobligations	JAS	RII	Other	NOA	Budget					
5. Training												
Central bank supervision, training	TBD			\$0	\$0	\$0	\$500	\$500	\$1,000	\$1,000	\$500	\$1,000
Commercial banker training	Local Banking Instit			\$0	\$0	\$0	\$0	\$150	\$150	\$150	\$150	\$0
Training for Managers	CBSD			\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000	\$500	\$500
Training for Development	AED			\$0	\$0	\$0	\$750	\$1,110	\$1,860	\$1,860	\$1,200	\$1,800
Law Training	ABA/CEELI			\$0	\$1,600	\$0	\$0	\$0	\$0	\$1,600	\$1,200	\$1,500
Training Russian Leaders	Moscow Sch of Political Studies			\$0	\$0	\$0	\$0	\$150	\$150	\$150	\$0	\$0
Program management				\$100	\$0	\$0	\$100	\$0	\$100	\$200	\$200	\$100
Subtotal:				\$100	\$1,600	\$0	\$1,350	\$2,910	\$4,260	\$5,960	\$3,750	\$4,900
6. IFI Loan Support												
CFC Initiative	World Bank (W)			\$2,000	\$0	\$0	\$2,000	\$0	\$2,000	\$4,000	\$1,000	\$0
Subtotal:				\$2,000	\$0	\$0	\$2,000	\$0	\$2,000	\$4,000	\$1,000	\$0

USAID/RUSSIA BUDGET PLANNING MATRIX FOR FY 98,99, 2000
As of April 6, 1998
By S/NIS Categories

Activity			All	98 NOA	98NOA	Total 98	Total 98	FY99	FY2000
			Carryover	Reobligations	JAS	RIL	Other	NOA	Budget
7. Small Business/ Micro Credit									
	Client-focussed Biz Volunteer Program	ACDI/VOCA/IESC/CDC	\$0	\$0	\$0	\$7,000	\$0	\$7,000	\$7,000
	Regional small business development	Univ. of Alaska	\$0	\$200	\$0	\$0	\$1,100	\$1,100	\$1,300
	Information to small business/BCC	CDC	\$0	\$0	\$0	\$500	\$250	\$750	\$750
*	Biz Support Instit Network Strength	TBD	\$0	\$0	\$0	\$1,000	\$1,000	\$2,000	\$500
*	Small Business Advocacy/Policy	TBD	\$0	\$0	\$200	\$0	\$0	\$0	\$200
	Small Business Support	Peace Corps	\$0	\$0	\$0	\$50	\$0	\$50	\$50
*	Micro-credit	TBD	\$637	\$363	\$0	\$1,000	\$0	\$1,000	\$2,500
	Business Toolkit Dissemination	TBD	\$0	\$0	\$0	\$500	\$0	\$500	\$0
*	Supp to Regional Investment	TBD	\$0	\$0	\$0	\$1,000	\$0	\$1,000	\$750
	RFE:Sakhalin Development Action	ASWG/DCED	\$0	\$0	\$200	\$100	\$0	\$100	\$300
*	Real Estate/Housing Dev	TBD	\$0	\$0	\$0	\$0	\$500	\$500	\$500
	Support-Dev Credit Auth Network	TBD *							\$0
	Communal Services	TBD *							\$1,000
									\$750
	Print Media	NPI/RAPIC	\$0	\$200	\$0	\$500	\$500	\$1,000	\$1,200
	Broadcast Media	Internews	\$0	\$500	\$0	\$0	\$2,000	\$2,000	\$2,500
	Program Management		\$218	\$10	\$0	\$100	\$650	\$750	\$978
									\$750
	Cooperative Credit Association	Joint Commission*							\$200
	Ag biz connections	RRARI *							\$0
Non-Add: From re-Programmed MOFSA Funds									
	Coop Credit Assoc	ACDI/VOCA	\$0	\$559	\$0	\$0	\$0	\$0	\$559
	Ag biz connections (GCC)	PRARI	\$0	\$250	\$0	\$0	\$0	\$0	\$250
	Subtotal:		\$855	\$1,273	\$400	\$11,750	\$6,000	\$17,750	\$20,278
8. Eurasia									
	Eurasia Grants	Eurasia	\$0	\$0	\$0	\$2,000	\$3,000	\$5,000	\$5,000
	Subtotal:		\$0	\$0	\$0	\$2,000	\$3,000	\$5,000	\$5,000

Activity

* Partnership NAUFOR/NASD
Advisory Services RFCSCMNAUFOR/NASD/DCC
US SEC (W)

10. Environment

Emmissions Trading
Forestry Management
Replication of lessons learned (ROLL)
Murmansk Project
Program Management

TBD *
USFS
ISC
EPA

							\$1,500	\$1,500
\$0	\$0	\$0	\$300	\$0	\$300	\$300	\$300	\$0
\$0	\$0	\$0	\$1,300	\$1,400	\$2,700	\$2,700	\$2,200	\$2,000
\$0	\$0	\$100	\$0	\$0	\$0	\$100	\$0	\$0
\$54	\$0	\$0	\$0	\$200	\$200	\$254	\$250	\$200
\$54	\$0	\$100	\$1,600	\$1,600	\$3,200	\$3,354	\$4,250	\$3,700

By S/NIS Categories

11. Democractic Reform

* New Activities

USAID/Russia Results Framework

STRATEGIC GOAL I: Foster the emergence of a competitive, market-oriented economy in which the majority of economic resources are privately owned and managed

Strategic Objective 1.2 Tax system reformed to correspond to a de-centralized market economy

Strategic Objective 1.3 Accelerated development and growth of private enterprises

Strategic Objective 1.4 A robust and market-supportive financial sector

Strategic Objective 1.5 A more economically and environmental sound energy system

Strategic Objective 1.6 Increased environmental management capacity to support sustainable economic growth

STRATEGIC GOAL II: Support the transition to transparent and accountable governance empowerment of citizens through democratic political processes

Strategic Objective 2.1 Increased, better-informed citizens' participation in political and economic decision-making

Strategic Objective 2.2 Legal systems that better support democratic processes and market reform

STRATEGIC GOAL III: Respond too humanitarian crises and strengthen the capacity to mange the human dimension of the transition to democracy

Strategic Objective 2.2 Improved effectiveness of selected social benefits and services